هكذا حسب الأصل

The summer edition of the FT Quarterly Financial Review looks at planning for retirement, personal pensions and also charts the world's uncertain equity markets

FINANCIAL TIMES QUARTERLY REVIEW of PERSONAL FINANCE SUMMER 1991

Weekend FT

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Lords of the deal
The powerful partnership of Lords Hanson (left) and White, Britain's most successful predators *page I*

Picking a portfolio
Computers or chimps? Experts or insiders? Which is the best guide? *page III*

Marriage before sex
Psychiatrist Jack Dominian talks about insecurity, love and religion *page XVIII*

Leg before cricket
...resa McLean, alias Beryl the ...l, helps the Intellectuals ...come the Vitamins *page VII*

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend July 20/July 21 1991

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WORLD NEWS

South Africa admits it helped fund ANC rival

The South African government has admitted that it funded certain activities of the mainly Zulu Inkatha Freedom party, the main political rival of the African National Congress. But the South African Defence Force denied a newspaper report that army special forces had carried out mass killings. Page 3

Kurds in bloody clashes
UN officials reported 500 casualties in bloody clashes between Kurds and Iraqi forces in northern Iraq. Page 2

Croatian troop fears
Breakaway Croatia fears being attacked by Yugoslav army units withdrawing from Slovenia. News of the withdrawal marks a decisive step towards peaceful independence for Slovenia. Page 2

'Supergun' confirmed
Iraq has admitted it was building a "supergun" as western intelligence agencies suspected. The admission came in a document Baghdad filed with the UN, a diplomat said.

Prague backs vote
A referendum law allowing the Czech and Slovak republics to decide the future status of their relations was approved by the federal assembly of Czechoslovakia. Page 2

Guildford case review
The Crown Prosecution Service lodged an application for a judicial review of a magistrate's decision to dismiss charges against three Surrey detectives in the Guildford Four case.

China seeks flood aid
China asked for more international aid to combat floods that have hit vast stretches of the country and a former minister admitted the government was badly prepared. Page 3

Ballot over TV job cuts
Unions at Independent Television News are to ballot members on industrial action over the compulsory redundancy of 79 workers. Page 6

Anger at UDR report
Angry Northern Ireland Unionist MPs demanded a meeting with defence secretary Tom King over reports that the Ulster Defence Regiment is to merge with the Royal Irish Rangers. Page 7

Spymaster charges
Erich Mielke, 83, once head of East Germany's state security apparatus, has been charged with espionage for leading three decades of communist spying against West Germany.

Ireland cuts spending
Irish finance minister Albert Reynolds announced public spending cuts of more than £90m to offset a budget overrun. The cuts followed talks between Irish premier Charles Haughey and trades unions. Page 2

Quake hits Romania
Earthquakes shook two regions of Romania, causing serious damage to three villages, one of which had just been declared a disaster area after a previous tremor.

Crisp beats EC crunch
The threat to the British crisp was lifted when the European Commission announced that crisps will be included in a list of products permitted to contain artificial sweeteners. Page 6

BUSINESS SUMMARY

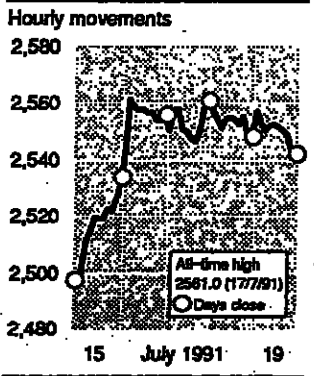
SE probes trade in TV companies' shares

The Stock Exchange is investigating rapid movements in the share prices of Central Independent Television and Scottish Television after newspaper reports that each bid under £1m to retain its franchise. The inquiry is looking for insider dealing in the companies' shares and for attempts to manipulate the market.

Central's share price has risen more than 26 per cent to 790p and Scottish's 45 per cent to 500p since their bids were disclosed last week. Both companies gambled correctly that they would be unopposed. Page 24; The great TV lottery, Page 8

LONDON STOCKS drifted uncertainly after an indifferent performance from Wall Street. The market finally abandoned its attempt to hold firm above the Footsie 2,550 mark, closing down 5.8 at 2,541.5. Turnover was relatively modest and the downturn in late trading reflected the issue by the Bank of England of a further £1bn tranche of long-dated tap stock in the government bond market. Page 15

FT-SE 100 Index



INTERNATIONAL Business Machines, international computer group, posted slim gains for the second quarter and warned that revenues were likely to be static for the full year. Net earnings for the three months plunged 92 per cent to $114m (£69.5m) from $1.4bn a year earlier. Page 12

HONG KONG will this month invite tenders for the first big construction project for the colony's new airport – a suspension bridge to link the site on Chep Lap island to Kowloon. Page 3

ISOSCELES, which paid over £2bn for the Gateway food retail business two years ago, made a small pre-tax profit for the year to April 27 and cut attributable losses from £38.5m to £21.2m. Page 10; Lex, Page 24

MORE THAN 200 Lloyd's Names, including Robert Maxwell, the publisher, will serve writs next week on a number of intermediaries in the Lloyd's insurance market. The Names are members of syndicate 334 and face losses of £26m from the 1985 underwriting year. Page 6

MOST OF the privately-owned business operations of Asil Nadir, chairman of Polly Peck International, have been put up for sale by his personal creditors. Page 10

CSX, largest US railroad company and a good indicator of business levels, reported a second-quarter, after-tax profits improvement to $115m (£70m) compared with $109m in the same period last year due to a big rise in non-operating income. Page 12

Surprise announcement overrides public stance taken by Leigh-Pemberton

Lamont agrees to public probe into BCCI affair

By Ralph Atkins

THE British government moved to prevent the Bank of Credit and Commerce International affair from turning into a full-blown political crisis yesterday with a hurried decision to set up an independent public inquiry.

The surprise announcement by Mr Norman Lamont, the chancellor of the exchequer, overrode the public stance taken less than 24 hours ago by Mr Robin Leigh-Pemberton, governor of the Bank of England. Mr Leigh-Pemberton, who is now at the centre of the growing furore, had told MPs he believed a formal investigation would be inappropriate. Its terms of reference have yet to be decided.

The decision came as the government found itself under increasing pressure at Westminster to justify why action had not been taken earlier by the Bank of England or ministers.

Mr Lamont emphasised during his Commons statement that banking supervision, under the 1987 Banking Act, was "unambiguously the duty of the Bank of England and not of the government". He said repeatedly the decision to close BCCI had been taken by the Bank.

But, faced with claims by some Labour MPs that Mr Leigh-Pemberton was being set up as a "fall-guy", the chancellor said no criticism was implied by the setting up of an inquiry.

His announcement followed a week in which the events leading up to the closure of BCCI have unfolded to increasing concern and bewilderment among Conservative and Labour MPs. The affair dominated prime minister's question time; BCCI staff and depositors have overflowed Commons committee rooms at angry meetings.

Yesterday's hectic events took the shine off a week in which the government had hoped that Mr John Major's successful handling of this week's G7 summit would provide a fillip to its political fortunes.

Earlier Downing Street acknowledged that "handling errors" were made last June when letters from BCCI employees warning of widespread corruption were passed round several government departments before apparently being lost.

However Downing Street said the mistakes made by the government departments – which included the Treasury at a time when Mr Major was chancellor of the exchequer – were "trivial".

Officials said the letters, whose existence was first reported in the Financial Times on Thursday, should
Continued on Page 24

BANK SHUTDOWN

Colin Beere
Robin Leigh-Pemberton yesterday: no criticism implied by the setting up of an inquiry

Top executive warned auditors last year

A FORMER chief executive of Bank of Credit and Commerce International last year gave the bank's auditors information that led them to discover a huge fraud at the heart of the organisation, writes Richard Waters. This happened months before the Bank of England has said it first received warnings.

The tip-off to Price Waterhouse came from Mr Swaleh Naqvi before he resigned from the bank, according to sources close to the fraud investigation. It led investigators to unravel the frauds that ran throughout BCCI's accounts.

The latest disclosure will put further pressure on the Bank of England, which has said it had no suspicions of fraud until an unnamed BCCI executive warned it earlier this year.

The UK central bank has also said it was not until it received a Price Waterhouse report on BCCI in June this year that it had evidence of fraud at the bank.

As the Financial Times revealed earlier this week, however, Price Waterhouse delivered a report to the Bank last October which pointed to suspicions of fraud.

It is not known if Price Waterhouse passed the information it received from Mr Naqvi last year directly to the Bank of England. But Mr Naqvi's information is believed to have helped in the production of a report which the auditors delivered to the regulators on October 3.

The Bank of England has said the report highlighted "inappropriate transactions" by senior executives of BCCI.

At a board meeting on the following day, October 4, Mr Naqvi resigned from the bank, along with Mr Agha Hasan Abedi, BCCI's founder and president.

Mr Naqvi was retained by the bank as an adviser after his resignation. He is understood to be in Abu Dhabi, assisting the bank's shareholders in their continuing investigations into the BCCI fraud.

The Bank of England said that a different BCCI executive approached it early this year with allegations of fraud at a high level in the organisation.

This led to the appointment of Price Waterhouse to carry out an investigation under section 41 of the UK's Banking Act, and the final swoop by BCCI's main bank regulators two weeks ago.

Mr Naqvi had been chief executive of BCCI since 1988, when Mr Abedi, its founder, suffered a heart attack and gave up his executive duties.

The two men had been close colleagues since the 1960s, when they worked together at the United Bank Limited in Pakistan. It was after this bank was nationalised that the two set up BCCI.

Close colleagues have described how Mr Naqvi, a hard working and knowledgeable banker, was progressively removed from a position of real power in the bank after Mr Abedi left.

The shift in power marked
Continued on Page 24

ICI reorganisation may lead to loss of 20,000 jobs

By Robert Peston

IMPERIAL Chemical Industries' £300m reorganisation programme is likely to lead to a loss of about 20,000 jobs. It could involve the sale or demerger of ICI's industrial division, which owns most of its heavy chemical interests.

Between 10 per cent and 15 per cent of ICI's workforce worldwide could go because of the sale of some businesses and the closure of others, according to someone who is familiar with the restructuring plan. ICI refused to comment on this figure. It employs 132,000 people, 53,000 of them in the UK.

One option under consideration is the sale or demerger of ICI's industrial chemicals division, the original core of the group, which has annual sales of around £3.5bn.

Further details of the restructuring programme may be disclosed next Thursday when ICI reports its half-year results. Analysts believe pre-tax profits were no more than £450m in the six months to June 30, compared with £733m in the first half of 1990 and £925m in the first half of 1989.

ICI's financial advisers have told the company that investment institutions want more details on how it plans to spend the £300m provision it made in its last financial results to cover the reorganisation costs. ICI is fighting a war of nerves with Hanson, the UK-based conglomerate which in May acquired a 2.8 per cent stake in the company.

ICI insists the restructuring plans were in hand before Hanson made its move. However, the chemicals group has come under pressure from the City to thwart a possible takeover bid by taking radical measures to improve its performance.

The scale of planned job cuts is the clearest evidence yet that ICI is set on a fundamental restructuring programme. Since January, action has been taken which will lead to the loss of 5,000 jobs.

The rationalisation programme is comparable with the cost-cutting ICI undertook in the middle of the last recession. Between 1978 and 1982, ICI cut its UK workforce by 38,000. In the five years to 1985, ICI's worldwide workforce was cut from 232,600 to 175,800.

One of the priorities of the latest plan is to cut costs, close loss-making businesses and sell peripheral operations among ICI's petrochemicals and industrial chemicals interests. One of the leading candidates for disposal is its polypropylene activities.

The materials division will feel the effects of the reorganisation particularly strongly. ICI is likely to sell Fiberite, a manufacturer of unfinished composite materials used by the aerospace industry. It was bought in 1984 as part of the $750m (£457.3m) acquisition of Beatrice Chemicals.

On Monday, Sir Denys Henderson, ICI's chairman, will chair a meeting of a new performance and policy committee which is central to the reorganisation of senior management.

MARKETS

STERLING
New York lunchtime:
$1.6915
London:
$1.6905 (1.6675)
DM2.995 (2.9525)
FFr10.0375 (10.0225)
SFr2.56 (2.56)
Y230.75 (228)
£ Index 91.1 (90.7)

GOLD
New York: Comex Aug
$371.2 (370.9)
London:
$370.75 (369.55)

N SEA OIL (Argus)
Brent Sep
$20.125 (same)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.7505
FFr5.939
SFr1.5125
Y136.45
London:
DM1.7485 (1.771)
FFr5.9375 (6.01)
SFr1.535 (1.535)
Y136.45 (136.8)
$ index 66.8 (67.2)
Tokyo close: Y137.1

US LUNCHTIME RATES
Fed Funds $5\frac{11}{16}$ %
3-mo Treasury Bills:
yield: 5.732%
Long Bond:
$96\frac{5}{16}$
yield: 8.458%

STOCK INDICES
FT-SE 100:
2,541.5 (−5.8)
FT Ordinary:
1,959.5 (−9.5)
FT-A All-Share:
1,213.66 (−0.1%)
New York lunchtime:
DJ Ind. Av.
3,016.77 (+0.45)
S&P Comp
384.78 (−0.59)
Tokyo: Nikkei
22,866.36 (−42.35)

LONDON MONEY
3-month interbank:
closing $11\frac{1}{32}$% (same)
Liffe long gilt future:
Sep91$\frac{31}{32}$ (Sep92¼)

CONTENTS

UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430005; UK Company News 0836 430002. Calls charged at 34p/minute cheap rate, 45p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128.

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Federal army ..llout leaves Croatia isolated in the Balkan federation

Go-ahad for Slovenian independence

By Laura Silber in Belgra

A Yugoslavian federal army tank at a burning barrier near the Slovenian border during fighting this month

THE decision by the Yugo state presidency to order withdrawal of the federal; from breakaway Slovenia the tiny alpine repub.e. go-ahead to seek indepe..ves

But that decision ..kan Croatia isolated in th federation and ...m the worried that the or..y gives top state/collective ..ian Mil- Serbia, under Mr S.. chance osevic, its presid.. for the to step up pres..Serb-popu- incorporation ..atia into a lated areas of greater Serbia.

The large ..Serb-officered federal a.. has been deployed i.. ..nically mixed border area.. ..stensibly to sep- arate the ..o hostile ethnic groups. B.. ..roats protest that the army ..not a neutral force and has ..en defending Ser- bian int..sts.

With ..roats frustrated in pursu.. ..f their own indepen- dence ..he danger is that iso- lated Croatia will become incr..singly radicalised.

..r Stipe Mesic, the Croat w..o ..eads the country's collec- ..ive presidency, was alone in his opposition to the army's withdrawal, which is effective immediately and will be car- ried out over the next three months.

The military's decision to pull out of Slovenia is in line with with the statement by Mr Borisav Jovic, Serbia's repre- sentative on the eight-man col- lective presidency, who argued that the Yugoslav army should not be stationed in those parts of the country which see it as an occupying force .

About 70 people died in 10 days' fighting between Slovene forces and federal troops after Slovenia and Croatia declared independence on June 25.

The federal army was shaken by the Slovene resis- tance and the death of 35 fed- eral soldiers. The controversial military action also risked set- ting off a collapse of the multi- ethnic Yugoslav armed forces. The 12,000 troops and equip- ment withdrawn from Slovenia will be relocated to Serbia and the republic of Bosnia-Hercego- vina.

The Croatian government may now have to concede to demands for greater autonomy from its 600-000 strong Serbian minority. At least 12 per cent of Croatia's population of 4.5m Serbs have staged an armed uprising over the past year against the Croat government.

Since Croatia declared inde- pendence at least 30 Croat policemen have been killed while attempting to assert the republic's authority over pre- dominantly Serbian villages in Croatia.

But after the brutal civil war of 1941, when tens of thousands of Serbs were killed in the Nazi-backed state of Croatia, Serbs refuse to live in an inde- pendent Croatia.

Fighting reported between Kurds and Iraqi troops

By Lionel Barber in Washington

THE United Nations was yesterday studying reports of bloody clashes between Kurd- ish rebels and Iraqi govern- ment troops in northern Iraq.

Pentagon officials said the fighting took place outside the protective security zone which allied forces set up for the Kurds near the Turkish border, and did not appear to violate allied prohibitions on Iraqi fixed-wing aircraft north of the 36th parallel.

Reports of casualties on both sides varied. A United Nations official in Geneva said UN observers in northern Iraq had passed word that up to 500 peo- ple might have been killed or wounded, but there was no independent confirmation.

The renewed fighting follows sharp criticism by the US and western allies that Iraq had deliberately misled the UN about its nuclear weapons pro- gramme, and concern about reported Iraqi army reprisals against Shia refugees in the marshes of southern Iraq.

The US, Britain and France, which have warned in recent days that the allies might take military action if Iraq failed to comply fully with UN ceasefire terms, are waiting to receive a report from UN inspectors on Iraq's nuclear facilities, to be delivered by the end of next week.

Although Iraq pledged this week that it has no more clan- destine nuclear plants and that it has revealed all its nuclear secrets, US officials remain sceptical.

One US official involved said two previous sets of Iraqi assurances had proved mis- leading: "The more pressure we put on Saddam the more successful we have been in get- ting them to hand over infor- mation."

Some confusion has arisen because of what US officials describe as "premature" com- ments from UN inspectors in the field about Iraqi compli- ance and conflicting reports about the extent to which allied bombing during the Gulf war destroyed suspected nuclear facilities.

The same confusion sur- rounds the latest reports about renewed fighting in northern Iraq. A Kurdish representative in Geneva said it flared up after two days of demonstra- tions to protest at the 23rd anniversary of the coming to power of the ruling Baath party, but western officials in Washington said some of the fighting erupted after disputes over the distribution of food.

Ms Sylvana Foa, for the UN High Commissioner in Geneva, said UN representatives on the spot had passed word that Kurdish rebels had taken con- trol of the northern Iraqi city of Suleimaniyeh after two days of bloody clashes with the Iraqi army.

United Nations officials in Geneva, citing the same UN observers, said fighting had also erupted between Kurds and Iraq forces in Erbil, the capital of the Kurdish region in northern Iraq.

EC starts inquiry into Air France's state cash boost

By Andrew Hill in Brussels

MR Karel Van Miert, the EC transport commissioner, has begun an informal inquiry into the French government's direct injection of FFr2bn (£200m) of fresh capital into Air France, first proposed in February and approved this week.

But Mr Van Miert is not planning to look for evidence of illegal state aid in this week's proposed acquisition of a FFr1bn stake in Air France, the French state airline, by the state-owned bank Banque Nationale de Paris.

EC officials said Mr Van Miert "could see no reason" for an inquiry aimed at discovering whether the French government was behind the BNP purchase.

His decision appeared to conflict with the Commission's plan to look into a similar case involving Credit Lyonnais, another French state-owned bank, which on Monday agreed to take a 20 per cent in Usinor Sacilor, the state steel-maker.

State aid policy is normally handled by the competition commissioner, Sir Leon Brittan, who authorised a preliminary inquiry into the Usinor Sacilor case, but for historical reasons government aid to airlines is part of Mr Van Miert's portfolio.

Mr Van Miert's advisers said the transport commissioner's decision was based on EC treaty rules. "Public and privately-owned banks should behave in the same way: they should be able to decide to invest for their own reasons," said one. The Usinor Sacilor case is being looked at under slightly more specific guidelines on state aid for steel companies.

The apparent divergence of opinion comes at a sensitive time for Sir Leon. Next Wednesday, he will try to persuade his fellow commissioners to accept a new strategy aimed at making government aid to publicly-owned companies more transparent. Some member states, including France, have in the past objected to the scheme on the grounds that privately-owned companies do not have to provide Brussels with detailed reports on the source of their finances.

Bush will thank Ozal for his support during Gulf war

US-Turkey relationship on agenda

By Mark Nicholson in Ankara

PRESIDENT George Bush will arrive in Ankara today to thank Mr Turgut Ozal, his Turkish counterpart, for his solid support during the Gulf war and to discuss deepening the two countries' strategic relationship.

However, Mr Bush – the first US head of state to visit Turkey since 1959 – is not expected to bring any fresh proposals to solve the Cyprus problem beyond his own willingness to act as a "catalyst" towards reaching a United Nations-backed solution to the 27-year deadlock over the Mediterranean island – in effect, leaving continued diplomatic efforts towards resolving the problem in the hands of Mr Javier Pérez de Cuéllar, the UN secretary general.

Although Mr Bush arrives fresh from talks in Athens, where the government of Mr Constantine Mitsotakis placed Cyprus and Greco-Turkish relations at the top of the agenda, both US and Turkish officials stressed yesterday that the issue would come down the list of priorities when the two heads of state meet for talks in the presidential palace this afternoon.

Instead, both sides say they are keen to discuss developing the close relationship which grew during the Gulf war – during which Mr Bush telephoned Mr Ozal more than 60 times, more times than any other allied leader. "There will be a lot to talk about," said one diplomat, "but no grandiose agreements, nor the intention of reaching any."

Mr Bush will encourage Turkey to broaden the range of its relations with the US from the purely strategic into the fields of education, trade and culture, while insisting that Ankara must not seek to strengthen ties with the US at the cost of its links with Europe.

Mr Ozal, for his part, will seek the lifting of US import quotas for selected Turkish goods and increased military aid, which last year reached almost $800m (£490m), from the US.

In particular, he will press for Mr Bush's backing in financing the building of further 160 F-16 fighter aircraft in Turkey, adding to the 160 already built domestically with US aid.

On Cyprus, Mr Bush is expected broadly to back Mr Ozal's call for a quadripartite UN conference, embracing Turkey, Greece, and both the Turkish and Greek Cypriot communities – a formula which would implicitly accord the Turkish Cypriots equal status to the Greek community, and which the Greeks accordingly reject.

Turkey alone recognises the government of northern Cyprus, declared after Turkish troops invaded the north in 1974.

Kerin Hope reports from Athens: President Bush yesterday promised increased US military assistance for Greece, including the lease of two Knox class destroyers and 28 F-4E fighter aircraft, to be delivered later this year.

Mr Bush, visiting a Greek naval base on the island of Crete, also said "a large number of tanks and artillery" would be transferred to Greece under the "cascade" redistribution of Nato weaponry from western Europe.

Istanbul fundamentalists protest at Bush's visit

Some 1,000 fundamentalists demonstrated outside an Istanbul mosque after noon prayers yesterday in protest at Mr Bush's visit to Turkey, Reuter reports from Istanbul.

The crowd chanted slogans, carried placards against the US and Mr Bush and burned an American flag.

Riot police, who had already deployed in front of the Beyazit mosque in central Istanbul, detained 15 people and dispersed the crowd in less than half an hour, the semi-official Anatolian news agency said.

Petrol bombs were hurled at five bank branches in Istanbul on Thursday night, causing no damage or injury. It was not clear whether this was in protest at Mr Bush's trip.

Turkish police have recently cracked down on the guerrillas of the left-wing group Dev-Sol (Revolutionary Left) and are on a heightened alert ahead of the Bush visit.

Czechs and Slovaks to be allowed to vote on their future

By Ariane Genillard in Prague

THE federal assembly of Czechoslovakia has approved a referendum law allowing the Czech and Slovak republics to decide the future shape and status of their relations.

The law coincides with fresh demands by Slovak nationalists and is seen as an attempt by the federal authorities to silence them.

They are demanding that Slovakia be granted independence from the federation, and appear encouraged by Slovenia's declaration of independence from the Yugoslav federation.

Recent public opinion polls show that about a third, or 1.5m, Slovaks favour outright independence. But the wording of the question in the opinion polls, as well as the rising popularity of Slovak nationalists, including Mr Vladimir Meciar, the former prime minister of Slovakia, makes the outcome of any future impossible to predict.

"I don't think any Slovak party is planning right now to call for a referendum and I would be surprised if one happened any time soon," said Mr Jan Carnogursky, prime minister of Slovakia and the chairman of the pro-federation Christian Democratic party there.

But Czech or Slovak pro-federation deputies, thinking that a referendum would show a favourable outcome, could use the law as a strong tool to marginalise Slovak nationalists.

The Slovak and the Czech republics could separate if 51 per cent of all eligible voters in the country voted in favour of it.

A five-year waiting period must be observed to re-submit the same questions to a popular vote.

According to the federal law, a referendum proposal can be submitted to the federal assembly by either of the two parliaments of Slovakia or the Czech lands.

The federal assembly could also propose a referendum on its own.

However, Mr Vaclav Havel, the president of Czechoslovakia, has a one-time veto on the proposal, and can refer the matter to the supreme court for final approval.

As with other constitutional laws, a majority of three-fifths is needed in voting.

EBRD to seek more funding from its western shareholders

THE European Bank for Reconstruction and Development will follow up the Group of Seven's pledge to help the Soviet Union and eastern Europe by asking its western shareholders for more money, a bank official said yesterday, Reuter reports from Budapest.

Mr Miklos Nemeth, EBRD vice president, told the Hungarian news agency MTI the bank would appeal soon for fresh contributions to its technical assistance fund.

The fund, now totalling about $40m (£24m), finances privatisation and other market-oriented projects in the region.

Although the EBRD administers the fund, it is not part of the bank's capital stock, and not subject to the strict ceiling on EBRD lending to the Soviet Union.

Bank statutes say that for three years Moscow may borrow no more than its cash contribution to the bank's capital. This amounts to just $70m a year, a tiny sum when set against the needs of the stricken Soviet economy.

At this week's G7 summit, the US and Japan joined forces to block a plan by several European countries to allow the EBRD to channel more loans to the Soviet Union that could help prop up its crumbling economy.

Instead, the wealthy nations focused on providing Moscow with practical advice on how to cope with its economic ills.

Mr Nemeth told MTI the International Monetary Fund, the World Bank, the European Community, the Organisation for Economic Co-operation and Development and the EBRD would meet soon to compare notes on what ought to be done in the region.

The bank's statutes probably prevent its direct financing of trade-clearing agreements which the Soviet Union and the east European countries may reach. But indirect ways are being considered, including a consortium of western commercial banks supervised by the EBRD, Mr Nemeth added.

Mr Nemeth said time was short.

Denmark backs sanctions

By Hilary Barnes in Copenhagen

DENMARK'S centre-right minority government yesterday failed to win support from opposition parties for the lifting of the remaining European Community sanctions on trade with South Africa, covering iron, steel and gold.

The failure infuriated Mr Uffe Ellemann-Jensen, the foreign minister. The sanctions were imposed in 1985 and can only be lifted by unanimous agreement of all 12 Community member states.

The EC foreign ministers agreed earlier this summer that the sanctions should go, but Mr Ellemann-Jensen has been unable to win parliamentary backing for his position. He said yesterday that Denmark was in danger of bringing itself into discredit.

"What will happen is that the other countries will simply ignore the Danish stand and begin trading with South Africa anyway," he said after being defeated at a meeting of the Folketing Market Affairs Committee.

A Community official concerned with Africa affairs said however that he did not expect other member states would break the sanctions rule at this stage.

The Danish parties against lifting sanctions are the social-liberal Radical Party, the Social Democrats and the Socialist Peoples Party.

EC holds to farming stance

By Hilary Barnes

MR Ray MacSharry, the European Community's agricultural commissioner, said yesterday the G7 leaders' call this week for an agreement on agriculture in the Uruguay Round trade talks would not change the EC's stance on the issue.

No matter what was said at the G7 London summit, a 30 per cent reduction in EC support levels was the maximum for which there was political backing, Mr MacSharry said after a meeting with Mr Laurits Tornaes, the Danish minister of agriculture. This was his mandate, and he would not budge from it until the Commission and agricultural ministers asked him to, he said.

The Community had shown it was willing to open its markets. Now it was time for others to make concessions, he said. The EC had a trade deficit in agricultural products of $25bn (£15.2bn) while the US has a surplus of $18bn.

The EC's proposed reform of the Common Agricultural Policy could not wait for the Uruguay Round negotiations.

Mr MacSharry said he hoped to see the reform completed by the end of the year. If not, further cuts in quotas for agricultural reduction and intervention prices would be necessary, and there would be no possibility of other forms of compensation for farmers, he said.

Irish face big cuts in public expenditure

By Kieran Cooke in Dublin

MR Albert Reynolds, Ireland's minister for finance, has announced a new round of public spending cuts aimed at stemming a budget overrun this year. Government expenditure is being cut by a total of more than I£100m (£90m).The departments of defence, health, social welfare, environment and justice all face expenditure cuts.

Further savings are to be made by a tightening of administrative procedures. The budget overrun for the year had been earlier estimated at more than I£200m.

Perestroika 'began 20 years too late'

By Anthony Robinson, East Europe Editor

SOVIET President Mikhail Gorbachev said yesterday that perestroika should have started 10 or 20 years ago and indirectly conceded the possibility that the Soviet Union could in future be lead by a non-communist.

Asked about the possibility in an interview with Independent Television News, shown on Channel 4, he replied: "Some non-communists have already been elected presidents but in most cases they are former communists, so some part of them remains that."

The remarks will strengthen speculation that Mr Gorbachev, who returned to Moscow yesterday after forging closer links with leaders of the Group of Seven industrial democracies, might resign as Communist party general secretary before standing for re-election in next year's Soviet presidential elections.

Conservatives in the party are among his fiercest critics, and next week Mr Gorbachev will have to defend himself against charges that he has sold out to capitalism when he chairs a party central committee meeting.

The party's political monopoly has been abolished and much of its powers have been reduced over the last two years. But its 17m members still control large budgets, extensive property and other resources and can still rely on a network of contacts throughout the bureaucracy, the army, the KGB and Soviet enterprises.

In the interview Mr Gorbachev admitted that the process of dismantling the old Stalinist command system had involved some rash decisions but strongly defended the perestroika process which has brought the Soviet Union back into the world community and regretted that the reforms had not begun 20 years ago.

The Soviet leader yesterday wound up intensive bilateral talks with Mr John Major, the British prime minister, and other senior ministers, by meeting Mr Neil Kinnock, leader of the opposition, and Mrs Margaret Thatcher, the former prime minister. Mrs Thatcher emerged from her 40-minute meeting at the Soviet embassy saying she was more optimistic about the prospects facing the Soviet Union. "There seems to be a clear acceptance that reform is not only viable but inevitable," she said.

● Leyla Boulton adds from Moscow: In a quick follow-up to the Group of Seven summit promises to assist the Soviet Union, a Japanese delegation has already arrived in Moscow to study ways of helping convert Soviet defence plants to civilian uses.

In a week-long stay, the delegation is due to tour defence enterprises in the Urals, where much of Soviet military industry is concentrated.

Mr Vladimir Shcherbakov, the Soviet economy minister, who accompanied President Gorbachev to London, said yesterday the G7 had promised to decide on whether to grant the Soviet Union full membership of the International Monetary Fund in six months.

Ford enters Soviet industry with Moskvich engine deal

By John Griffiths

FORD has gained its first entry to the Soviet motor industry through a £24m agreement to supply diesel engines for Moskvich cars.

The deal is relatively small – for 20,000 engines to be supplied over the next few years, starting this month – but was described yesterday as a "significant breakthrough" for the company.

Ford hopes the contract could lead to larger orders for new generations of cars as the Soviet Union's motor industry embarks on the tortuous process of modernisation.

Under the agreement, 1.8-litre diesel engines produced at Ford's Dagenham plant in the UK will be supplied to AZLK, the Moscow-based maker of Moskvich cars and the second largest Soviet car plant after Togliattigrad's Lada facility.

The engines will be installed in the Aleko, a medium-sized car based on the Renault 20. Aleko is the export name for the Moskvich 2141, which has been sold – in petrol form only – inside the Soviet Union itself since 1986.

The diesel Aleko will be sold initially in Germany, starting this autumn, as a precursor to similar vehicles being put on sale in the Soviet Union. The agreement itself is formally between Ford and Deutsch Lada, a wholly-owned subsidiary of the Soviet car group.

Ford was among a number of western car makers which joined a rush into the Soviet Union in the late 1980s to explore car making prospects under perestroika.

At one stage it was negotiating to build its large Scorpio car in Russia, but withdrew when it could not agree with the Soviet authorities on the terms of a venture.

Much of the running in the Soviet industry is being made by Fiat of Italy, which is negotiating to acquire a stake of at least 30 per cent in VAZ.

Ford's only other venture in eastern Europe so far is in an $80m (£48m) components plant under construction in Hungary.

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Pretoria admits it funded Inkatha

By Patti Waldmeir in Johannesburg

THE South African government has admitted that it funded certain activities of the mainly Zulu Inkatha Freedom Party, the main political rival of the African National Congress, an admission which could do serious political damage to the ruling National Party.

The admission followed a report in yesterday's Weekly Mail newspaper, which claimed that the South African security police had funded Inkatha in order to help it oppose the ANC.

Last night Mr Adriaan Vlok, the Minister of Law and Order, denied this, saying that funding had not come from the police but from a special government fund earmarked for Pretoria's campaign against sanctions. He said the support to Inkatha had been "non-party political".

In view of recent widespread allegations that the government and the security forces were aiding Inkatha against the ANC – and had on occasion been involved in the violence which has left nearly 2,000 supporters of the two organisations dead within the past year – yesterday's admission will severely embarrass the Pretoria government. It will increase pressure on Mr Vlok to resign, a goal sought by the ANC and advocated by many local newspapers and political groups.

De Klerk: changed policy on secret funds

In a statement, Mr Vlok said it had been "essential to launch covert projects in order to, inter alia, promote order and stability and to combat South Africa's isolation," though President de Klerk, made clear in a separate statement the government had changed its policy with regard to secret funds and projects in March last year.

Mr Vlok said the funds had been used for "visual anti-sanctions banners, advertisements, transport, hire of stadiums and other facilities".

The report, in the left-wing Weekly Mail newspaper, reproduced what the paper claimed was a memo from a senior security policeman in Natal province, where the bulk of Inkatha-ANC violence has taken place, to his superior in Pretoria. The document, dated February 1990, recommends that a clandestine payment of at least R120,000 (£25,000) be made to help Inkatha fund a rally in Natal in March that year. The rally was held on March 25, and sparked a big upsurge in fighting between the two groups near Pietermaritzburg, Natal.

But the article said there was no conclusive evidence that Chief Mangosuthu Buthelezi, Inkatha leader or Inkatha knew the alleged funding came from the security police. Chief Buthelezi issued a statement yesterday denying any knowledge of the alleged funding.

The paper claims to have documents, receipts and bank deposit slips which confirm payments of at least R250,000 overall, aimed at boosting Inkatha's support shortly after the release of Mr Nelson Mandela, ANC president, from jail in February last year. They also refer to face-to-face meetings between Chief Buthelezi, and Chief Minister of the KwaZulu black homeland, (together with some of his cabinet ministers) and Major Louis Botha, senior officer in the Durban regional security police.

"Chief Buthelezi was very emotional when a copy of the receipt was given to him. He could not say thank you enough and said that he had not expected it," one document states.

Reuter adds from Johannesburg: The South African Defence Force (SADF) denied a report in the pro-ANC New Nation newspaper that army special forces carried out mass killings last year to stir up fighting around Johannesburg between ANC and Inkatha supporters.

The New Nation quoted Felix Isais Ndimene, described as a former member of SADF special forces, as saying his unit carried out massacres on trains around Johannesburg last year.

Ndimene, a Mozambican, said the unit was based near the Mozambique border and was made up largely of Mozambicans, Angolans and Zaireans.

The series of attacks on trains, buses and bars, including a massacre of 26 people aboard a train to Soweto, aroused suspicion of a trained "third force" of agents provocateurs.

The African National Congress has elected its ruling body, the 26-member "national working committee" which will function as a shadow cabinet during negotiations with the South African government on the country's political future, writes Patti Waldmeir.

About half of the committee are believed to be members of the South African Communist Party – many ANC leaders refuse to disclose this allegiance – yet the highest number of votes went to a leading moderate, Mr Thabo Mbeki, the African National Congress director of international affairs.

The working committee will have day-to-day control of the organisation, while the full 91-member national executive committee, the ANC's main policy-making body, will meet only about once every three months.

The composition of the committee reflects the same mix of radicalism and pragmatism as the executive itself. Ultra-radicals like Mr Ronnie Kasrils, a former ANC intelligence chief, sit alongside moderates like Mr Mbeki, who recently persuaded the ANC to support the phased lifting of sanctions against Pretoria.

Royalty and the revolutionary: King Juan Carlos of Spain greets Cuban President Fidel Castro at the Ibero-American summit, in Guadalajara, Mexico. The summit, which ended yesterday, brought together leaders from Spain and Portugal, Latin America and the Caribbean, writes Rebecca Doulton in Mexico City.

Mr Castro denounced President George Bush's Enterprise for the Americas Initiative, unveiled last year, as the "last of the American fantasies," and attacked the role of the international institutions in the region.

"The great powers have no friends, only interests...we must first democratise the UN if we are going to ensure a fair world."

Nevertheless, Mr Castro did support the general notion of Latin American integration. Colombia and Chile told the meeting they would restore consular relations with Cuba and Mr Joao Baena Soares, secretary general of the Organisation of American States said it was time to consider ending Cuba's 29-year suspension from that body.

Bilateral talks at the summit led to the consolidation of a free trade agreement between Mexico, Venezuela and Columbia and a treaty on the non-proliferation of nuclear arms signed by Argentina and Brazil. Spain and Portugal sought to reaffirm their role as bridges between Latin America and Europe.

HK to seek bridge tenders

By Angus Foster in Hong Kong

HONG KONG will this month invite tenders for the first big construction project for the colony's new airport. This follows the agreement between China and Britain two weeks ago that the project should go ahead.

The HK$6.39bn(£500m) contract is for a suspension bridge linking the new airport, to be built on the island of Chep Lap Kok, with Kowloon. It will carry a motorway and a railway, although the government has not yet decided when to commission the rail link.

It will be one of the largest suspension bridges in the world and will have to withstand frequent typhoons.

The bridge forms part of the Lantau Fixed Crossing and a HK$2.48bn contract for the second phase, which involves a smaller bridge and viaduct, will be put out to tender in August. Up to six international consortia may be invited to tender.

The government yesterday announced the latest cost breakdowns for the various parts of the new airport plan and said it still hoped to have the first runway open by 1997. The whole development, including the airport, related road and infrastructure projects and a railway, are expected to cost HK$98.6bn at March 1991 prices. Various planned port developments are not included in the figure.

It is hoped the private sector will provide 36 per cent of the funds for the airport project. Private investment is expected for most airport facilities, except for some within the passenger terminal, and for a 1.36km immersed tube tunnel across Hong Kong harbour. The government will shortly commission a financial consultancy to assess how best to privatise the tunnel on a build, operate and transfer basis.

S Korea to buy 20 UK training jets

By John Ridding in Seoul

SOUTH Korea is to buy 20 Hawk training aircraft from British Aerospace, the Defence Ministry said yesterday.

The ministry said a contract had been signed but declined to state the value of the deal. However Choson Ilbo, one of Korea's national dailies, said the contract was worth $230m (£140m). Fourteen of the aircraft will be delivered next year, and the rest in 1993.

However, the ministry denied reports that Korea had also agreed to purchase surface-to-surface missiles from the UK company.

The deal with British Aerospace represents a small step in South Korea's policy of diversifying its sources of arms. Traditionally, the US has supplied virtually all its needs.

Earlier this year, South Korea agreed a $5bn deal with General Dynamics of the US to purchase 120 F-16 fighter aircraft.

Representatives of British Aerospace were in Seoul earlier this week to sign a technical tie-up agreement with Daewoo Heavy Industries for the local production of space satellites.

Daewoo said TRA of the US, Matra of France and Dornier of Germany also agreed to participate in the project.

China seeks more flood disaster aid

CHINA asked for more international aid yesterday to combat floods that have hit vast stretches of the country, and a former minister admitted the government was badly prepared for disaster, Reuter reports from Beijing.

The country failed to dredge rivers and planted where it should have built dykes, former minister of water resources Qian Zhengying said.

Israel to press Baker on Syrian letter

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, will press Mr James Baker, US secretary of State, for full details of Washington's understandings with Syria on Middle East peace when he visits Jerusalem briefly tomorrow evening.

The Jerusalem stop is the last leg of a five-nation shuttle through the region by Mr Baker, arranged after President Hafez al-Assad of Syria accepted the US proposals in a letter to President George Bush last weekend. Israeli ministers made clear yesterday they do not intend to give Mr Baker their final say tomorrow.

"I cannot imagine Baker leaving here with an agreement acceptable to all parties and leading to the meeting he wishes to arrange. I can't imagine that we will reach an agreement so fast," Mr Moshe Arens, the defence minister, said.

With Syria, traditionally the most radical of the potential Arab partners, falling into line, Washington has broad Arab agreement for its proposal for a regional peace conference, followed by bilateral Arab-Israeli negotiations and talks on the Palestinian issue.

But the Israeli government is worried that the US may have given Damascus assurances on a UN presence at the conference, on the structure of the conference and on basing negotiations on the formula that Israel gives up occupied Arab territory in exchange for a peace settlement.

"I assume we will get the [Assad] letter and after we study it we will know where we stand," said Mr Arens. "The Americans know it is important for us to know exactly what the Syrians are saying and that our answer depends to great extent on understanding its contents."

Mr Arens said he would not rule out giving back the Golan Heights to Syria, a vital Syrian demand, but Israel would not accept conditions which pre-determined this. He also said Israel would not freeze the building of Jewish settlements in the occupied territories. Mr Shamir has several times said publicly that he would not relinquish the Golan, as well as refusing to stop settlements.

Leaders of the opposition Labour party are urging the government to accept the US proposals to prevent Israel suffering unprecedented international isolation. But they also criticise Mr Shamir for getting into a position where negotiations with Syria are the central issue, instead of dealing first with Jordan and the Palestinians.

PARLIAMENT

Roles of ministers come under fire

By Ralph Atkins

MINISTERS' ROLES in events leading up to the closure of BCCI had to be subject to immediate investigation, Labour demanded yesterday as Mr Norman Lamont, the chancellor, announced he was setting up a public inquiry into the affair.

Mr Gordon Brown, Labour's trade and industry spokesman, welcomed the setting up of the formal inquiry which his party had demanded. But questions like "When did ministers first know of the affair, what did they know, and what action was taken?" had to be answered.

Government ministers must to be prepared to accept responsibility, and not shift blame to "junior officials". There had to be an urgent review of the compensation schemes available, Mr Brown said.

Mr Brown referred to prosecutions made by US authorities last year against BCCI and also to an unsuccessful application the bank made in April 1990 to the Investment Management Regulatory Organisation (Imro) for a full licence.

He asked: "Should not that have been a cause for alarm bells to ring over the bank's activities?"

Mr Lamont said the Bank of England had concluded, following the action taken in the US, that it was "a local matter". He went on: "That was a judgment that had been made by the Bank of England and that is also a matter that can be investigated by this inquiry."

MR Robin Leigh-Pemberton, governor of the Bank of England, today made the following statement:

"As the Chancellor has announced in the House of Commons this afternoon, he and I have decided that there should be an independent inquiry into the Bank's supervision of BCCI. Although, as I have indicated in recent days, I believe there are disadvantages in this course, the growing level of public interest in this matter can be adequately addressed only through an independent inquiry.

"We shall of course co-operate fully, and I welcome the opportunity which the Bank will have to describe its supervision of BCCI and the action it has taken in recent years."

Referring to letters which were sent in June 1990 to the Treasury, warning of "widespread corruption" at BCCI and which emerged this week, Mr Lamont said they contained, "unsubstantiated allegations about corruption similar to those which had already been made".

The Imro application could also be considered by the inquiry, Mr Lamont said.

Mr Terence Higgins (Con, Worthing) said the form of investigation carried out by the Commons Treasury Select Committee, which he chairs, would have to be re-considered in the light of Mr Lamont's announcement.

Mr Keith Vaz (Lab, Leicester East) said that only on Thursday night, Mr Robin Leigh-Pemberton had said a public inquiry would be inappropriate. He asked what had changed since.

In reply, Mr Lamont said he had discussed his announcement with Mr Leigh-Pemberton and stressed that the public inquiry, "does not imply criticism of the Bank of England".

Mr Tim Smith (Con, Beaconsfield) in offering support for the government, said: "Not one shred of hard evidence has yet been adduced by any of the critics to show that the Bank of England actually acted other than competently."

However, Mr Brian Sedgemore (Lab, Hackney South and Shoreditch) said that, if the inquiry found ministers or the Bank had been negligent, individual depositors and councils should be compensated.

Mr Lamont said that if other evidence came to light, he would "consider the implications of that, at the time".

Mr Alan Williams (Lab, Swansea West) said that Mr Leigh-Pemberton had "already been nominated as the official government fall-guy".

Mr Max Madden (Lab, Bradford West) wondered why no arrests had been made so far, and said: "There seems to be no-one helping the police with their inquiries." He said the reports by Price Waterhouse, BCCI's auditors, should be published.

CHANCELLOR'S STATEMENT

Lamont insists action 'no criticism' of Bank

THE FOLLOWING is the complete text of Mr Norman Lamont's statement to the House of Commons.

"With permission, Mr Speaker, I should like to make a statement about the Bank of Credit and Commerce International.

"My honourable friend, the economic secretary, informed this House on July 8 of the action taken by the Bank of England and the supervisory authorities in a number of other jurisdictions to secure control of the assets of the Bank of Credit and Commerce Group.

"Subsequently, last week, in the course of the finance bill proceedings he answered points put to him by a number of honourable members. The Governor of the Bank of England has met a number of MPs to explain the background and reasons for the action.

"And I met the Honourable Member for Leicester East and a group of other Honourable Members yesterday to discuss the matter.

"The immediate priority following the closure has been to bring about as orderly a rundown of its operations as possible to help the many individuals and businesses which had accounts at the bank.

"I can assure the House that everything we can do to resolve their difficulties, we are doing.

"In particular the Bank of England are putting an enormous effort into bringing the Deposit Protection Scheme into action as soon as is humanly possible. The Deposit Protection Board will be writing to depositors immediately inviting them to make claims.

"Our latest estimate is that the UK branches at the Bank had some 50,000 sterling accounts, although some customers may have had more than one account.

"The arrangements to make payments cannot commence until the winding up order has been granted but the Bank have obtained an expedited hearing for the order which is to take place on Monday. Once the order has been granted the Board will act as quickly as possible to meet valid claims.

"As my Honourable Friend has explained, the provisional liquidator, the Bank of England, and the main high street banks have put in place arrangements to aid the banks in assessing applications by BCCI customers for alternative facilities.

"I am glad to hear that a number of the high street banks have set up special centres for dealing with applications from such customers and I hope very much that they will be able to respond helpfully in these cases.

"The Bank of England and the liquidator have also kept in close touch with the majority shareholders in BCCI in order to seek their co-operation in securing an orderly rundown of the company and to minimise losses to depositors.

"Looking further ahead, the government and the Bank will be considering carefully what lessons this case has for the system of banking supervision in this country and for the framework of international co-operation among banking supervisors.

"A number of questions have been raised both in the House and elsewhere about the events leading up to the authorities' action on July 5.

"In particular, it has been suggested that the Bank ought to have taken action earlier to seek the closure of BCCI.

"Others have argued that the Bank acted prematurely in restructuring BCCI and putting it on a sound footing.

"There have also been questions about the government's role in the affair, although, as the House knows, under the 1987 Banking Act the supervision of banks is unambiguously the duty of the Bank of England and not of the government.

"My Honourable Friend in his earlier statement set out the general grounds for the Bank of England's action and for its timing.

"However, in the light of widespread public concern, the governor and I have agreed that there should be an independent enquiry into the supervision under the Banking Acts of the Bank of Credit and Commerce International, to establish the facts and to make such recommendations as arise from them.

"The report will be made public, subject to such restrictions as may be needed to avoid prejudicing any criminal proceedings and subject to the provisions of the Banking Act.

"I will announce shortly the precise terms of reference of the enquiry and who will conduct it.

"I would like to make plain that the establishment of the enquiry is not to be taken as a criticism of the Bank of England.

"I have no reason to doubt that the Bank acted properly and promptly in the best interests of the depositors.

"Unfortunately it will never be possible to prevent fraud and deceit.

"Nonetheless, both I and the governor believe that an independent assessment of the case is appropriate and I hope all those who have evidence bearing on the matter will co-operate with it fully."

Later, during the debate in the House of Commons Mr Lamont outlined the history of the letter received by the Treasury in June 1990.

"It was passed to the Department of Employment, because it enclosed one that was addressed to that department.

"The correspondence did also draw attention to losses made by BCCI.

"These had already been published in audited accounts.

"The letter contained unsubstantiated allegations about corruption, similar to those which had already been made.

"The Bank of England received a similar letter shortly after the Ambrose correspondence was replied to.

"This was passed to Price Waterhouse.

"The Treasury heard a number of similar allegations and rumours over this period, in this House and from other sources.

"These allegations were, of course, passed on to the Bank of England."

EVENTS THAT LED TO THE INQUIRY

Friday June 28: Bank of England receives report from Price Waterhouse detailing large-scale fraud within BCCI.

Friday July 5: BCCI is shut down in a co-ordinated swoop by banking authorities in more than 60 countries.

Monday July 8: Banking officials from Abu Dhabi arrive in London for consultations with the Bank of England. Former BCCI employees and investors demonstrate outside the bank's Leadenhall Street headquarters and the Bank of England.

Tuesday July 9: More than 30 local authorities across the UK had up to £100m deposited in BCCI, it begins to emerge.

Thursday July 11: Western Isles Council in Scotland admits it had deposits of £23m with BCCI.

Monday July 15: A former US customs official accuses the CIA of impeding the probe into BCCI. Robert Gates, the newly-nominated CIA director, is said to have been "less than candid" about the CIA's links with the bank. Abu Dhabi issues a statement "deploring" the Bank of England's role in closing down BCCI.

Wednesday July 17: The Financial Times reveals the Bank of England received a damaging auditor's report outlining suspected fraud and corrupt banking practices within BCCI as early as October 1990.

Thursday July 18: A storm erupts at prime minister's question time. Opposition MPs challenge the government on a Financial Times report that ministers were alerted to "widespread corruption and nepotism" in letters from former BCCI employees in June 1990. It emerges that the Treasury and the Bank of England also received the letters.

Friday July 19: Mr Norman Lamont, chancellor of the exchequer, announces an independent inquiry into the Bank of England's supervision of BCCI.

Robin Leigh-Pemberton: problems not yet as bad as at the time of Johnson Matthey

PROFILE: ROBIN LEIGH-PEMBERTON

Caught by a cruel reversal of fortune

By Peter Norman, Economics Correspondent

MR ROBIN Leigh-Pemberton, the governor of the Bank of England, has had a rotten two months.

His name was splashed all over newspaper front pages late in May after elementary sleuthing through the fine print of the Bank of England's annual report revealed that he had received a pay rise of nearly 17 per cent last year while urging pay restraint on the British public.

A month later, he was hauled before a secret session of the Commons trade and industry committee to explain why the Bank had allowed a lengthy lapse of time before control of Harrods Bank was transferred from the Fayed Brothers to a company of independent trustees.

And now BCCI. Yesterday, Mr Norman Lamont, the chancellor, announced that he and the governor had agreed to "an independent inquiry into the supervision" by the Bank of England of the Bank of Credit and Commerce International, less than 24 hours after Mr Leigh-Pemberton had told members of parliament that he opposed a public inquiry at this stage.

Mr Leigh-Pemberton had already been summoned to give evidence to the Commons Treasury and Civil Service committee next Tuesday on issues arising from the Bank's supervision of BCCI.

It is not unusual for the fortunes of public figures to change swiftly. But the calamities surrounding the governor contain a particularly cruel twist of fate. He has been brought full circle: as in the early days of his tenure, he is in the midst of a political storm surrounding a bank scandal.

It was shortly after Mrs Thatcher appointed him governor in 1983 that Mr Leigh-Pemberton became embroiled in the Johnson Matthey Bankers affair. The Bank of England's decision to rescue that bank at the taxpayer's expense in 1984 triggered a political furore. Relations with the Treasury under the then-chancellor Mr Nigel Lawson dived to new lows.

The Johnson Matthey scandal made it difficult for Mr Leigh-Pemberton to shake off charges that he was no more than a lucky or gifted amateur, or worse, Mrs Thatcher's poodle at the Bank.

But the Bank restructured its supervisory operations and there began a slow rehabilitation of its reputation and that of its governor. By last year, Mr Leigh-Pemberton was enjoying what financial markets call a re-rating.

The sudden departure of Mr Lawson from the chancellorship in October 1989 helped. Mr Leigh-Pemberton quickly established a close relationship with Mr John Major, his successor.

Mr Leigh-Pemberton's decision in April 1989 to sign the Delors Committee report on a single European currency and central bank marked out the governor as a man of independent mind. His action won him no brownie points during Mrs Thatcher's Downing Street tenure, but did no harm to his standing in financial markets.

By the middle of May this year, Mr Leigh-Pemberton was almost looking like an independent central banker. He had put his head above the political parapet with robust public statements on the need for caution in lowering interest rates.

The events of the past two months amount to a serious setback.

But as he set off tonight for a quiet weekend on his 2,200-acre estate in north Kent, the governor can reflect that things are not yet quite as bad as at the time of Johnson Matthey.

By all accounts, he gets on very well with the present chancellor. Yesterday Mr Lamont said: "I would like to make plain that the establishment of the inquiry is not to be taken as a criticism of the Bank of England." So far at least, the chancellor means what he says.

TREASURY COMMITTEE

Auditors' reports may be examined

By Ralph Atkins

REPORTS compiled by Price Waterhouse, BCCI's auditors, could be called as evidence by the Commons' Treasury select committee when it opens its investigation into the affair next Tuesday.

Members of the cross-party committee may decide to call for reports compiled by the auditors when it meets to take evidence from Mr Robin Leigh-Pemberton, governor of the Bank of England.

Some MPs on the committee believe the reports will be essential if the committee is to carry out a full inquiry of its own. The committee would have to decide if the contents are to be made public.

However a decision to call for papers could bring the committee into confrontation with the Bank and its obligations under the 1987 Banking Act. A Price Waterhouse report on suspected fraud and corrupt banking practices at BCCI was received by the Bank of England in October last year.

However, action was not taken until after another Price Waterhouse report in June.

Mr Terence Higgins, chairman of the Treasury select committee, said: "The committee has powers to send for persons and papers. It may be that members of the committee will feel that these reports are relevant. What is done in practice will have to take into account the banking acts."

The Commons trade and industry committee clashed with Mr Leigh-Pemberton earlier this year when he refused to answer questions about action taken against Harrods Bank.

HONG KONG

Government agrees to interim payment

By Angus Foster in Hong Kong

DEPOSITORS in the Hong Kong arm of the Bank of Credit and Commerce are to receive an interim payment of up to 25 per cent of their savings under a special package designed by the government. This should calm angry depositors and stem criticism of the decision to put the bank in liquidation.

The package, which will also apply to trade creditors, was agreed after the government said it would provide an indemnity to the liquidators in case any liability arises from the distribution. The payments are subject to a maximum ceiling of HK$50,000 (£3,920) and the first depositors could receive the money next week.

Bank of Credit and Commerce Hong Kong, a 99 per cent-owned subsidiary of BCCI Holdings (Luxembourg) SA, was placed in liquidation on Wednesday, sparking violent clashes between depositors and police and a temporary run on banks in Hong Kong with Middle East connections.

The government has indicated that the Hong Kong arm is not implicated in any of the fraud which has been alleged elsewhere in the group. But the local arm was put into liquidation after the Office of the Banking Commissioner failed to find a quick buyer for the bank.

Mr David Carse, Hong Kong's banking commissioner, said yesterday that a proposal from Bank of East Asia to take over BCCHK jointly with the government was unacceptable. This was because Bank of East Asia wanted the government to provide a guarantee against any hidden liabilities.

DEPOSITORS

Hopes of official compensation rise

By Philip Coggan, Personal Finance Editor

LAWYERS acting for the depositors of BCCI welcomed the announcement of an inquiry into the supervision of the bank as providing a long-term hope for increased compensation.

"An independent inquiry is a tremendous step forward," said Mr Andrew Wallis, a senior partner at Jaques & Lewis. "It is essential that the facts are revealed and if it appears that some errors were made, then it must increase the moral and political pressure for compensation."

Mr Mourad Fleming, litigation manager of Richards Butler, which represents creditors with $250m (£150m) of claims, also welcomed the news, but hoped that it would be a tribunal of inquiry headed by a judge.

However, the depositors of BCCI are gradually moving into two camps. Those with smaller sums – under the £20,000 limit of the Deposit Protection Scheme – have an interest in seeing the bank wound up as quickly as possible. They will then receive 75 per cent of their funds, which is probably the best deal they can expect.

For larger depositors, however, the £15,000 limit under the Compensation Scheme is scarcely worth bothering about. They have an interest in postponing the winding-up in the hope that Arab banking interests will be able to reconstruct BCCI in some form.

Government compensation may be the best hope of a substantial refund for the larger depositors since the process of liquidation is likely to be extremely complicated.

TERMS OF REFERENCE

Inquiry may resemble Barlow Clowes probe

By Alan Pike

THE BCCI inquiry set up yesterday will be able to recommend changes both in banking supervision procedures and the law.

This will be made clear when its terms of reference are announced shortly. The inquiry will be conducted by an independent figure who will almost certainly have a legal background. Although details have not been settled by ministers, the investigation will probably be set up under Treasury auspices rather than the 1921 Tribunals of Inquiry Act – the procedure giving official inquiries statutory investigatory powers.

Last year's inquiry into the Strangeways Prison riots, for example, was a Home Office departmental inquiry rather than one established under the 1921 act. However, the government told Lord Justice Woolf, who conducted it, that it would consider giving him powers under the Tribunals of Inquiry Act if needed.

In the event Lord Justice Woolf said he received full co-operation. Potential witnesses usually assist government-established inquiries regardless of whether they are held under the 1921 Act.

The inquiry announced by Mr Norman Lamont, the chancellor of the exchequer, yesterday will investigate the supervision of BCCI under the banking acts. In the commercial field, the nearest recent parallel is the departmental inquiry set up by the Department of Trade and Industry in 1988 into its handling of Barlow Clowes, the collapsed investment group.

This was conducted by Sir Godfray le Quesne, former chairman of the Monopolies and Mergers Commission. It led to a government decision to pay compensation to investors affected by the collapse.

It has not yet been determined whether the BCCI inquiry will hold public hearings. The prison riots inquiry did sit in public, the Barlow Clowes one did not. Sir Godfray did, however, produce a published report.

Mr Lamont was urged by MPs yesterday to ensure that witnesses giving evidence to the inquiry did not become immune from possible criminal proceedings in the future.

The chancellor left open the possibility that some of the inquiry's conclusions may not be published. He said it was in the public interest "that the inquiry should be as full as possible and that as much as possible should be published."

Ministers and former ministers will give evidence to the inquiry. It was, said Mr Lamont, in ministers' interests that the inquiry should take place.

Treasury officials were unable say last night of how long the inquiry was likely to take, although it will begin work as soon as possible.

BETTING

Bookies take a long view

By David Churchill

BRITAIN'S bookies were yesterday taking a relaxed view on the eventual successor to Mr Robin Leigh-Pemberton as governor of the Bank of England.

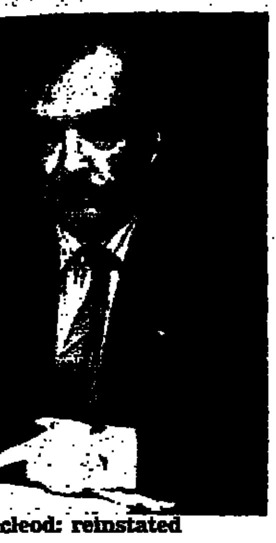
Only Ladbroke Group has opened a book on the identity of the new governor when Mr Leigh-Pemberton's fixed term of office ends in June 1993. It was not, however, taking any bets on whether he would resign before then.

Ladbroke said yesterday that the odds on the next governor had not changed since it opened the book in May. The present deputy governor, Mr Eddie George, remains the favourite at 2 to 1, closely followed by Sir David Scholey, SG Warburg chairman, at 3 to 1.

Sir Peter Middleton, formerly permanent secretary to the Treasury, and now deputy chairman of Barclays, is at 5 to 1, with Sir David Walker, SIB chairman, at 6 to 1. The odds become more of a punt with 8 to 1 on Ms Rosalind Gilmore, deputy chairman of the Building Societies Commission. But the real outsider is Mr Karl Otto Pöhl, outgoing head of Germany's Bundesbank, who Ladbroke quotes at 16 to 1.

Rival bookies Coral and William Hill are waiting until nearer Mr Leigh-Pemberton's due departure date before deciding whether to open a book. William Hill said yesterday: "It is too early yet; we plan to wait until the race is actually on."

THE BCCI SHUTDOWN


Macleod: reinstated

WESTERN ISLES

Council 'borrowed £17m it did not need'

By James Buxton, Scottish Correspondent

THE SCOTTISH Office said yesterday that Western Isles council, which lost £23m in the closure of BCCI, had borrowed £17m of that amount on the money market without requiring it for its own capital spending needs.

The implication that the council had borrowed £17m for the purpose of on-lending it to make a short-term profit was described as "most unhelpful" by the council, which refused to comment on the allegation.

Two organisations which have lent money to the council are Avon County Council, based in Bristol, which lent £6m; and Scottish Nuclear, the state-owned electricity company, whose exposure has not been disclosed.

The Scottish Office, basing its statement on information given to it by the council, said that the question of whether "borrowing without need" was legitimate or not was for the Commission of Local Authority Accounts in Scotland, the equivalent of the Audit Commission.

The Commission said it did not have full details of the case. Councils were allowed to borrow either to finance capital expenditure or to replace maturing debt. "There is no expectation that any council would borrow in order to on-lend to make a turn," the Commission added.

In 1988 the Commission of Local Authority Accounts expressed its severe disapproval to Mr Donald Macleod, the Western Isles finance director – who this week was reinstated after five days' suspension over the BCCI affair – for lending £20m-worth of borrowed money on a long term basis to councils in England.

It said that councils were not authorised to borrow for the purpose of lending to other councils.

The remaining £6m of the £23m lost by the council consisted mainly of balances of revenue support grant pending disbursement for current expenditure.

Avon county council said it was standard practice for "this authority and all local authorities" to lend its temporary balances to other authorities through money brokers. It had lent the £6m to Western Isles on July 10 for three months and was confident that the money was "completely secure".

Scottish Nuclear did not reveal details of its transactions with the council but said it was satisfied that the money would be repaid on the due date.

This week Western Isles council revealed plans to borrow £20m in the next few months to meet its repayment commitments. It said it could not comment while Professor Alan Alexander, a university local government expert, was conducting an inquiry.

BANDUNG FILE

'£2m offered to Tariq Ali' to halt TV episode

By Andrew Jack

A BROADCASTER was approached in 1989 with an offer of £2m to halt production of a television programme exposing BCCI's involvement in drug-money laundering, it was alleged yesterday.

When the attempt was rejected, BCCI took unsuccessful legal action to try to prevent the programme being shown in the Bandung File series on Channel 4.

Mr Tariq Ali, writer and broadcaster, said he was approached in late 1989 by "a very distinguished Pakistani, a man of medicine", who claimed to be acting on behalf of BCCI.

The man offered him £2m to fund the cost of a three-part television drama series written by Mr Ali, on condition that the Bandung File programme would not be broadcast.

When Mr Ali refused the offer, BCCI attempted to stop that programme with an injunction in the High Court. However, after lawyers acting for Channel 4 resisted the motion, the bank withdrew its action and the programme was broadcast in January 1990.

"It was clear the whole bank was crooked, corrupt and being used to launder drug money," Mr Ali maintained yesterday.

"We made it clear at that time that the bank had no safety net and was unsafe for investors."

Mr Ali refused to name the man who approached him, but described him as a "senior doctor and a decent fellow", and said he believed he had been promised help in his medical research by the bank.

Mr Ali said he did not know which person within the BCCI organisation was responsible for the approach.

Mr Ali first clashed with BCCI in 1981 when he wrote two anonymous articles in the New Statesman magazine published in October that year claiming that the bank's structure evaded disclosure obligations. The magazine was sued and settled out of court. Mr Ali said it backed down as a result of a change of editor, but that it was a "grave mistake" on behalf of the magazine.

Commenting on the facts emerging since the Bank of England closed BCCI two weeks ago, Mr Ali said: "I just feel totally vindicated." He is currently producing a new film for Bandung File on the bank which is due to be broadcast on August 13.


Tariq Ali: refused to accept from 'a senior doctor and decent fellow' funding for a three-part drama series

MIDDLE EAST TRADE

Ship owners warn of serious risks from disruption

By Richard Lapper

DISRUPTION OF trade caused by the collapse of BCCI is proving a headache for ship-owners, charterers and their agents doing business in the Middle East, where BCCI was an important trade financier.

Transport Intermediaries Mutual (TIM), a subsidiary of the UK P&I Club, a mutual company owned by ship-owners, warned its 560 ship agent, broker and manager members yesterday that they faced serious new risks.

TIM specialises in insuring professional indemnity risks for ship agents, brokers and managers.

Mr Hereward Lawford, a manager at TIM, said that since the closure of BCCI many ship-owners had experienced problems in relation to bills of lading – documents issued by ship-owners to exporters which are negotiated in the banking system to finance international maritime trade.

The captain of a vessel will normally only release cargo on receipt of a bill of lading at the port of destination. With many bills of lading caught up in the BCCI affair, ships are unable to discharge their cargoes.

Even if the receivers of goods come up with a duplicate bill of lading or a new bank guarantee, TIM has warned its members to be cautious. Ship-owners could be faced with "claims for wrongful delivery or even conspiracy to defraud".

The only safe option for a shipper may be to make release of the cargo dependent on the order of a local court. Mr Lawford said that the legal situation was complicated but that "in many jurisdictions, the agent's legal position is likely to be strong".

UK P&I Club insures one quarter of the world's merchant tonnage for third-party liability risks. Mis-deliveries when bills of lading are unavailable is seen as a commercial risk and not insurable.

COURT HEARING

No access for creditors to full version of inquiry

By Raymond Hughes, Law Courts Correspondent

CREDITORS of BCCI have failed to persuade the High Court that they should be allowed to see the full report by Price Waterhouse, the City accountants, that led to the Bank of England's decision to close down the Luxembourg-based bank.

The report will form the basis of the Bank's petition to the court on Monday for a winding-up order against BCCI.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor – the senior Chancery judge – said yesterday that hopes of a rescue of BCCI could be severely prejudiced if the names of those mentioned in the report were made public.

He said that having read the report he was satisfied that "the degree of secrecy being insisted upon by the Bank is not the product of a constitutional unwillingness to disclose more than necessary, it has a specific and necessary purpose in the context of this case".

Two groups of creditors had complained that the Bank had only given them a version of the report with substantial parts blanked out. Members in one of the group are represented, formally or informally, by City solicitors Richards Butler and believed to have debts totalling around $100m (£60m). The other group is represented by Slater Links, Manchester solicitors.

Mr John Cherryman QC, for the Slater Links creditors, said the lawyers could not advise their clients properly because of the lack of evidence.

He said his clients needed to know whether BCCI "really is sunk", and the prospects of it being rescued, before they could decide what stance to take on the winding-up.

Apart from the names and dates blanked out in the expurgated report, they wanted to see another report it referred to, about the interrelation of "what is called 'Sandstorm' – which means BCCI – and 'Fork' – which means ICIC".

Mr Gabriel Moss QC, for the Bank of England, said four categories of names had been blanked out: persons accused of fraud; one or two informers; people the identification of whom might jeopardise negotiations to rescue BCCI; customers possibly entitled to confidentiality. Some dates had also been blanked out. Mr Moss said the Bank might have to mention names of some suspected fraudsters on Monday, to make matters intelligible.

Mr Cherryman said it would be "monstrous" if creditors trying to look after their own interests had to do so "in blinkers". Mr James Wadsworth QC, for the Richards Butler creditors group, said that without the full report "we are fighting with one hand tied behind our backs".

Sir Nicolas accepted that it was difficult to get a clear overall picture from the expurgated version of the report. However, he said, that version "clearly shows the nature of the defalcations relied upon, without identifying the people who carried them out".

REGULATION ISSUES

'Urgent reform needed' to prevent similar frauds

By David Barchard

THE BCCI collapse was predictable and urgent changes are needed in the international banking system to prevent further frauds on a similar scale, according to Mr Richard Dale, professor of international banking at Southampton University.

Writing in the next issue of Financial Regulation Report, a newsletter published by Financial Times Business Information, Mr Dale says that he warned as long ago as December 1988 that banking secrecy attracts criminality, and that the Luxembourg authorities should adopt a tougher attitude to banks such as BCCI based on their territory.

Mr Dale says much more policing of off-shore banking activities is now essential, together with recognition by the Luxembourg authorities that they are responsible for countering fraud committed by banks on their territory.

The European single market means that from January 1 1993, banks incorporated in Luxembourg will have the absolute right to extend their branch networks elsewhere in the European Community.

Mr Dale says Luxembourg authorities were "naive" to claim that the normal legal controls of a state are sufficient to prevent deception.

"Financial fraud is so prevalent and so likely to be attracted to a state that offers such strong secrecy laws that the authorities should ensure that they should monitor it."

BCCI exploited the loopholes in the international regulatory regime with a holding company structure which split the bank into two different off-shore havens.

Mr Dale says: "One only has to ask why any bank should want to create a complex corporate structure that exploits these secrecy laws to their fullest extent. The answer is surely obvious."

WORLD ROUND-UP

Report not enough to close bank says Jaans

By Andrew Hill in Brussels

EVIDENCE in the damning auditor's report on BCCI which the Bank of England received last October was not enough to justify closing down the bank, Luxembourg's banking supervisor said yesterday.

"I know that [October] report, but I think the interpretation which has been put on it with hindsight is not fair. It wasn't a case of the bank being beyond repair," said Mr Pierre Jaans, director-general of the Institut Monetaire Luxembourgeois, which oversees the Grand Duchy's banking sector.

It emerged this week that Price Waterhouse submitted a report to the Bank of England containing details of "inappropriate transactions" involving senior BCCI executives nine months ago. But the IML and Bank of England maintain that they only received hard evidence of fraud last month when they read the later Price Waterhouse report into BCCI.

Mr Jaans said the IML saw the earlier Price Waterhouse report "towards the end of last year". Responding to accusations that the authorities should have acted earlier to close down the bank, he added: "I think people have a slightly wrong impression of what regulators realistically can and can't do."

Mr Jaans joined Bank of England officials in Abu Dhabi earlier this week for discussions on BCCI, but he refused to comment yesterday on the substance or tone of the talks.

● Representatives of Luxembourg's banking unions this week met Mr Jacques Santer, the Grand Duchy's prime minister and treasury minister, to discuss the plight of 60 or so BCCI employees in Luxembourg.

US sees it as others' problem

The US administration regards the BCCI affair as primarily one for other countries and other regulators to deal with, according to a senior US official, writes Peter Martin.

Speaking in London yesterday the official said he thought the Federal Reserve had "done a good job" of handling US aspects of the BCCI case. He emphasised that BCCI's activities in the US were small, and that the two main BCCI subsidiaries in the US, First American in Washington and Independence Bank in California, were sound.

He said: "It doesn't have a lot of effect on the United States and we've got little things like the savings and loan associations to take care of."

LETTERS SPECIAL

The issues that pose questions about why BCCI's has been closed

From M I Ahmad.

Sir, The debate on the action of the Bank of England in closing down BCCI continues to gather momentum. The debate, however, is focused on when rather than if the Bank of England should have acted the way it did. The Bank's action, which in my view was badly timed, precipitated the collapse of BCCI, as a result of which millions of depositors' money may be lost, including more than £100m of local councils' funds. If they had not taken such an action and had waited for the shareholders reconstruction plans to have come into effect, none of this would have happened. The Abu Dhabi authorities' statement confirms this point of view.

In order that your readers can form a balanced view of BCCI and its present situation, the following issues should be considered by them:

● BCCI is a privately-owned bank whose shareholders are wealthy Arab families – no public funds are therefore invested in it. A very large number of its depositors are also from the Middle East – only a small percentage of deposits originated in UK and virtually none from France, Luxembourg, and the Cayman Islands. Whose interest was the Bank of England therefore protecting?

● The alleged fraud, according to the Bank of England, was perpetrated at the "highest level" and over a long period of time. The majority shareholders themselves were informed of this by Price Waterhouse in October 1990 and, as a result, the president and the chief executive of the bank were replaced. The Bank of England and the other regulators were informed simultaneously of Price Waterhouse's findings. So what has caused the Bank to change its mind now on issues which it had been made aware of by the new management of BCCI in October 1990?

● So far, the "massive fraud" is said to have been caused by false accounting and fictitious loans. No accusations have yet been been made of senior management having embezzled funds for their own benefit – a conventional type of fraud. In other cases of corporate fraud those responsible have been tried and sentenced but the institution itself was allowed to survive. Why did the Bank of England not take the same kind of action in the case of BCCI? ● Under the Banking Act 1987, the Bank of England has draconian powers which no doubt it has exercised in the case of BCCI. These include closing down a bank because of two reasons – first, because of inadequacy of capital, and, second, when it considers the bank's management as not "fit and proper" persons. BCCI's shareholders who have a large stake in the bank itself had taken steps to satisfy the Bank of England on both these counts. Some US$2bn had recently been injected into the bank with firm commitments for more and steps had already been taken with the blessings of the Bank of England to replace the management – in fact, a senior executive from Lloyds Bank International, who had previously held a senior position with British Steel, had recently joined BCCI and was to head the bank which was to be established in the UK under the shareholders reconstruction plans. Other senior executives had also been recruited. All along, the bank's new management had kept the Bank of England informed.

● It is ironic that having taken the extreme measures that they have, the Governor of the Bank of England is now seeking financial support from the Abu Dhabi royal family to make good part of the losses which the depositors will suffer as a result of the bank's own actions. Why should the Sheikh help now?

After all that has happened, there will be no winners but only losers except perhaps the liquidators whose army of staff is now resident at the bank's headquarters at Leadenhall Street.

M I Ahmad,
22 Lloyd Park Avenue,
Croydon, Surrey

Why the blame should rest with parliament

From Mr E A Bradman

Sir, When the Treasury Select Committee questions Robin Leigh-Pemberton, might he suggest that much of the blame for BCCI must rest with parliament.

At the behest of Brussels and against the wishes of the Bank and the City, it abandoned the two-tier categorisation of deposit-takers contained in the UK Banking Act 1979 and substituted the single-tier "bank" of the EC Banking Act 1987.

If the committee turns to examine local authority deposits, will they call the president of CIPFA to suggest that in the real world auditors, inter alia, examine internal contracts of their clients and report on weaknesses to the management.

How many local authorities had adopted a list of "acceptable" banks, together with limits in respect of each? Perhaps district auditors were too busy ensuring every transaction was intra vires.

Further, how, so early in the financial year, can a local authority obtain about ten times its annual community charge "take" except from the Treasury?

"First cast out the vote . . ."

E A Bradman
Beech Lodge,
Marketgate North,
Crail, Anstruther,
Fife KY10 3TH

The need for a central investment fund and a division of regulatory and monetary functions

From M J Smith.

Sir, I am sure we are all dismayed by the losses incurred by certain local authorities through the closure of BCCI.

It seems extraordinary to me that local authorities need to invest surplus funds in any bank whatsoever on such a scale.

I suggest that central government sets up an independent local authority fund which invests all surplus monies on behalf of local authorities. Local authorities should be forced to invest their surplus funds in this special fund, which they would be able to draw on as and when required to run their local authority.

The interest rate payable could be fixed weekly or monthly, depending on the interest rate received by the new fund. The definition of "surplus funds" would, of course, need to be defined.

There would need to be a lengthy transitional period, as funds withdrawn from small banks and building societies "overnight" would obviously cause serious problems.

A similar kind of fund (although depositing with it is not compulsory) is run by the Church of England General Commissioners for individual parochial church councils.

Local authorities should concentrate on providing the best possible service to local people and businesses and not dabbling in the financial markets.

M J Smith,
Benson Shoe,
Haramead Business Centre,
Humberstone Road,
Leicester

From Mr W Grey.

Sir, Has not the time come for the Bank of England's regulatory and monetary functions to be officially divided – thus making a virtue and reality out of the *de facto* separation of the two diagnosed by George McKenzie (Letters, July 17) as a "serious problem"?

Far from the two functions needing to be "co-ordinated", let alone housed under one roof, there is a case for creating an entirely separate regulatory/supervisory authority, or banking commission, leaving the Bank itself – preferably as an independent entity with strengthened statutory responsibilities – free to concentrate on monetary policy and related matters exclusively.

Given this, and a firm commitment to maintenance of price stability as the prime monetary policy objective, McKenzie's aim of added stability for financial markets, too, would be given a helping hand.

W Grey,
12 Arden Road,
Finchley, N3

Formulating an agreed framework of risk

From Mr Richard J Raeburn.

Sir, Local councils with exposure to BCCI were undoubtedly attracted by the marginally higher rates offered, and were under pressure to maximise the return from deposits. The losses now faced highlight the dangers for local councils as much as corporate treasurers in failing to define controls and reporting commensurate with the commercial objectives and policies in the treasury area.

A treasurer with an active presence in the investment market needs an agreed framework of risk and return within which to conduct his operations. Such a framework requires an objective definition of risk, using both the external rating services and internal monitoring and review. Reliance on the advice of third parties (who may indeed have had a commercial interest in the outcome of the advice) leads to transactions and exposures that are unchecked by the challenge of the risk.

Although past mistakes have a nasty habit of being repeated I am confident that out of the misfortunes of BCCI treasury management can benefit.

Richard J Raeburn,
Head of Treasury Consulting,
KPMG Management Consulting,
8 Salisbury Square, EC4

A buyer for Hong Kong

From Mr Bill Gardiner.

Sir, Regarding the BCCI Hong Kong situation, the government has been looking for a friendly takeover bid from a bank willing to buy BCCI, turn it round financially, and safeguard all of the depositors' money and assets. This is a prudent, necessary, and vital step toward building confidence among BCCI's depositors. Customers can either leave their funds in the new bank or regain their funds to carry on their personal affairs. I believe that a governor or other officials from the central bank in Hong Kong should sit on the board of the new bank. If a new bank is not found immediately to bail out BCCI, a watchdog committee of officials from the Hong Kong central bank could be set up to supervise the old bank. A caretaker committee should be set up to study ways to strengthen the bank (possibly finding a way to infuse new capital into whatever areas need it) and watch over it until a solution is found and the depositors are protected.

I believe this approach would work for BCCI UK as well – or at least a variation of this approach would eventually solve the problem for those innocent individuals who are trying to regain a safe haven for their funds. Liquidation, therefore, is not the answer. Rebuilding is.

Bill Gardiner,
Tokyo

Councils offer two-hour cut in working week

By Michael Smith, Labour Correspondent

MORE THAN 900,000 council manual workers have been offered a two-hour reduction in their 39-hour working week as part of a deal which will increase their wages this year by an average of 6.4 per cent.

The agreement, likely to be approved in a ballot, is one of the most significant victories for unions in their campaign for a shorter working week.

If fully implemented by the target date of January 6, 1994, it would more than double the *number of UK manual workers* covered by arrangement for working 37-hours a week.

Under the pay part of the deal, the percentage rise for the lowest paid will be slightly more than that for those at the top of pay scales. Rises will vary between 6.2 and 6.6 per cent.

Workers will be balloted on the offer, with a recommendation to accept, next month. The result of the vote is expected in September.

Under the terms of the deal, negotiated late on Thursday, the councils and unions agreed that the cuts in hours should be self-financing "within existing overall costs by more effective organisation, reducing overheads and by making better use of time and skills".

The deal also includes provision of an "equality audit" which the unions hope will eradicate differences in pay between jobs in which women, or men, are in the majority.

Mr Jack Dromey, national secretary of the TGWU, general workers union, said the deal presented an opportunity for local authorities to review working practices and increase efficiency.

The momentum for the hours campaign was built by engineering unions which say they have negotiated 37-hour weeks for more than 600,000 workers in the last two years.

Employees in other industries, including water and nuclear, have also benefited in the last year from reductions in hours. Prior to 1989 virtually all UK manual workers worked a 39-hour week.

Manual unions have pressed *for several years that the terms* and conditions of their members should be harmonised with those of white-collar workers, who already work 37 hours. Earlier this year a deal harmonising sick-pay schemes was negotiated.

TGWU election test for Labour

By Michael Smith

THE LABOUR PARTY faces a politically sensitive leadership election in the TGWU general workers union, where a key ally of Mr Neil Kinnock, leader of the Labour party, is likely to face a tough battle with a leading member of the Communist party.

Mr Jack Dromey, a TGWU national secretary, regarded as one of Mr Kinnock's strongest trade union supporters, yesterday declared his candidacy for the post of deputy-general secretary, the union's second-ranking job.

His decision to stand ensures a high profile for the election, in which his main opponent is likely to be Mr Jack Adams, also a national secretary.

Mr Adams, a Communist party member, is almost certain to announce his candidature next week. He would be likely to win the backing of the union's broad left political grouping, which has had a decisive influence in the *union's national elections* over the last decade.

Although Mr Dromey has a strong personal following he would face a tough task in beating Mr Adams, who is highly respected by both the left and right in the union and is not regarded as politically *extreme*.

The danger for the Labour party is that the Conservative could party would make political capital out of an election result in which a Communist party member defeated a close ally of Mr Kinnock, or ran him close. The Conservatives have recently intensified their attacks on Labour's links with the unions.

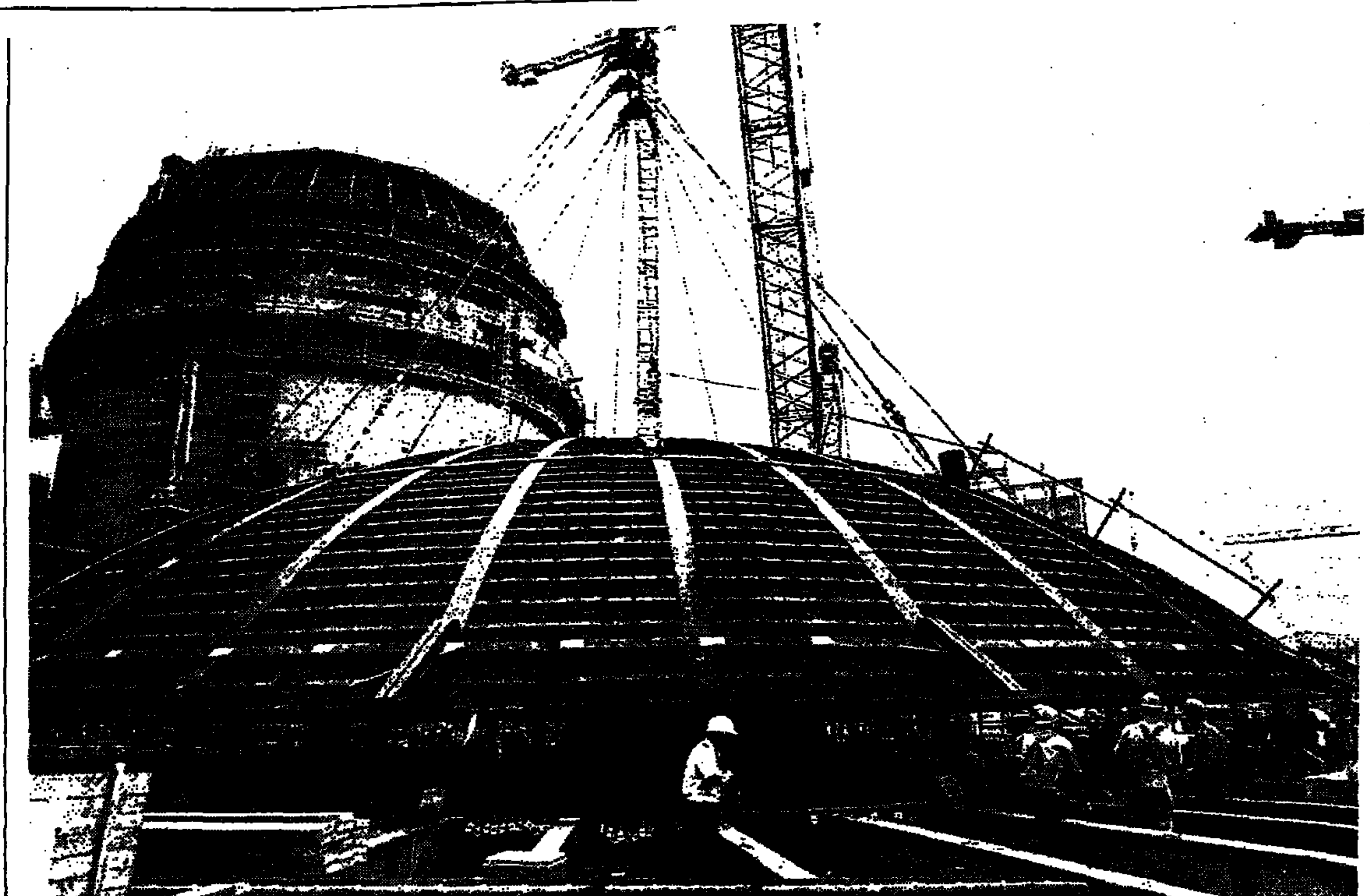
The election is unlikely to be acrimonious, however. Mr Dromey and Mr Adams enjoy a good working relationship and share many political values.

Mr Dromey, who is married *to Ms Harriet Harman*, the Labour shadow health minister, is responsible for workers in local government, central government, defence and the National Health Service. He first rose to prominence during the Grunwick dispute in the 1970s.

He is well respected as a negotiator and a campaigner. However, opponents fear that as deputy general secretary he would seek a high profile, distracting attention from Mr Bill Morris, who takes over as general secretary next year.

His election as deputy general secretary at the age of 42 would also make him unstoppable in a campaign to succeed Mr Morris in 13 years' time.

Mr Adams, the union's national automotives secretary, is 56 and so would not be a contender for the top post when Mr Morris retires.



The shape of things to come: the final section of the huge dome which will cap the reactor building at the new Sizewell B nuclear power station in Suffolk is poised to be lifted into place this weekend. The power station is due to start generating electricity in 1994

Unions to ballot at ITN over job losses

By Michael Smith

UNIONS AT Independent Television News are to ballot their members on industrial action over compulsory redun*dancies*.

A meeting of about 300 ITN staff also voted yesterday to hold a separate ballot on changes in working practices.

The ballot decision was made after the company announced on Thursday that it was making 79 staff compulsorily *redundant, in addition to* 42 who have agreed to go voluntarily.

ITN offered to improve redundancy terms so that each person leaving would receive four weeks' pay per year of service, and no-one would leave with less than £5,000.

The terms were offered on condition that there was no industrial action affecting either ITN or the companies in the ITV network.

Mr John Hunt, chairman of the joint shop stewards committee, said union members were not worried about the threat: "We say *that* is a question of blackmail and something the company would say anyway."

Mr Hunt said yesterday's vote on an industrial action ballot had been "overwhelming". He expected the result to be *known within a fortnight*.

ITN says the cuts are necessary because the company, jointly owned by the 15 ITV companies, has to become profit-based in order for a majority stake to be sold to outside investors.

The company has experi*enced severe financial difficul*ties because costs were not properly recorded following the installation of a new computer system. Coverage of the Gulf war added to the company's problems.

Mr Hunt condemned the way management had handled the *redundancies. He said one staff* member had had a telephone call telling him the news on his day off, while another received his redundancy notice from a despatch rider at home where he was on sick leave.

Sports reporter Mr Giles Smith, National Union of Journalists FoC (office official) at ITN, and reporter Ms Sarah Cullen are among those being made redundant.

Broking firm sues former employees

FIVE FORMER employees of Cantor Fitzgerald UK Ltd, the US-owned Eurobond broker, have been sued to prevent them taking up new posts at rival broker Garban Europe, a subsidiary of MAI plc.

At a High Court hearing, Cantor sought injunctions to restrain the five from joining Garban before restrictive covenants in their original contracts of employment had expired. Cantor also sought payment for *damage* to its business resulting from the employees' move.

The claim hinges on whether the covenants were acceptable in law, or whether they acted as a restraint to trade and hampered free competition.

The court was *told* that the five employees had signed contracts involving varying restrictive covenants, including provisions which forbade staff leaving Cantor Fitzgerald from soliciting other Cantor employees to join a rival firm.

Provisions in their contracts also forbade the employees from dealing with individual clients or former customers of Cantor Fitzgerald for between three and six months, unless Cantor had given them written permission to do so.

The employees were senior brokers on Cantor's Ecu broking desk, and had accepted higher offers to work for Garban's Ecu desk.

At the hearing, legal arguments were aired as to whether Cantor had a proprietary interest in the relationships the brokers had cultivated with their clients.

If Cantor's claim is successful, two of the five will not be allowed to begin work before September 25, three months after their period of notice ended; the other three will not be able to begin before December 25, *six months after their* notice periods had expired.

The five, who handed in their resignations on March 25, were immediately sent home on full pay to serve out their notice, under so-called garden-leave provisions in their contract.

Judgment has been reserved, and is expected within the next fortnight.

No early decision on BR route

AN EARLY decision on the route for the proposed high-speed Channel tunnel rail is now unlikely, Richard Tomkins writes.

The Department of Transport said a right decision was more important than a quick *decision, and indicated that* there would be no announcement before parliament rises for the summer recess.

Thousands of homes have been blighted by continuing uncertainty over the route and British Rail is becoming increasingly concerned that *the delays will push back the* planned opening date of 1998.

Four routes have been proposed, of which two are regarded as serious contenders.

One is the route preferred by British Rail, which takes a southerly approach, and the other a scheme proposed by Ove Arup, the consulting engineers, which takes an easterly route.

The decision is of sufficient importance to require cabinet discussion and an announcement to parliament.

Only one cabinet meeting remains before MPs rise for the summer recess next Thursday.

ALLEGED FRAUD ATTEMPT ON BAe

Businessman alleges deal over recorded confession

AN Australian businessman told Bristol Crown Court yesterday that he had confessed to plotting to defraud British Aerospace of millions of *pounds after making* a deal with a detective.

Mr Murray Stewart claimed the deal was struck shortly after his arrest on suspicion of conspiracy. He said it specified that if he told the police what they wanted to hear he would not be charged, and his wife, *then in custody*, would be released.

Mr Stewart and Mr John Gould, a company director, deny conspiring to defraud BAe of £40m between August and October last year. The prosecution claims they went to the Isle of Man to arrange a bank account into which the money would be diverted.

Mr Stewart said there was no truth in a tape-recorded interview in which he admitted involvement in the conspiracy.

"Why did you say it?" asked Mr Justice Schiemann.

"I wanted to please them and run along with what they wanted to hear."

Det Insp Gibson denied there had been any deal.

Mr Gould did not give evidence and none was called on his behalf. The trial continues on Monday.

THE BLUE ARROW TRIAL

Solicitor unaware of indemnity, jury hears

By John Mason

A SOLICITOR advising County NatWest on the 1987 Blue Arrow rights issue told NatWest's internal inspector he *had been unaware of any* arrangement to indemnify County's market-making division against losses on shares it had bought, the court was told yesterday.

Mr Hugh Hudson, a prosecution witness, agreed with Mr Roy Amlot QC that his client, *Mr Alan Keat of Travers*, Smith, Braithwaite, the solicitor had denied knowing of any arrangement between County's corporate advisory and market-making divisions.

Earlier Mr Hudson agreed that Mr Nicholas Wells, a former County director, had told him the law firm had given advice *that such an indemnity* should not be written down to lessen the danger of the market-maker's use of its exemption from disclosure obligations being challenged later.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew Securities and seven *individuals, including Mr Keat* and Mr Wells, deny conspiring to mislead the markets by secretly buying shares in the company. The trial continues on Monday.

Police probe burglaries

POLICE in London's West End are investigating whether a link exists between two burglaries in less than a week on properties used by Mr Asil Nadir, the chairman of Polly Peck, the fruit-to-electronics conglomerate placed in administration last October.

Mr Nadir's Mayfair home was broken into on 10 July and a large number of personal effects, worth up to an estimated £25,000, were removed.

Five days later, thieves using a sledgehammer broke down the door of the Park Lane offices of Günaydin, the Istanbul daily newspaper owned by Mr Nadir.

No money was taken, but the newspaper *said yesterday that* documents and files appeared to have been examined.

Maxwell in Lloyd's legal action

By Richard Lapper

MORE THAN 200 Lloyd's Names, including Mr Robert Maxwell, the publisher, will serve writs next week on a number of intermediaries in the Lloyd's insurance market.

Six other legal actions by Lloyd's Names, the wealthy individuals whose capital backs underwriting at Lloyd's, are at various stages of development.

The Names are members of syndicate 334 and face losses of £26m from insurance written in the 1985 underwriting year. Syndicate 334 was managed by Pulbrook Underwriting Management, an agency which has subsequently been taken over by Merrett Holdings, one of the biggest agency groups at Lloyd's. Agencies manage the affairs of Names and syndicates.

Of the 563 Names who were members of the syndicate in 1985, 265 are party to the writ to be served against Pulbrook, nine members' agencies and the broker Winchester Bowring. Solicitors DJ Freeman are acting for the Names, who *allege that negligence* in the way Pulbrook and its brokers placed reinsurance cover was responsible for their losses.

About 30 Names attended yesterday's annual general meeting of the Pulbrook 334 Names Association, where the action was announced.

More than 200 Names on Pulbrook 90 are also taking legal action against intermediaries.

Names on the Outhwaite syndicate 317/661, Warrilow syndicate 553, Poland syndicate 106 and 108 and Pulbrook syndicate 90 are also taking action against intermediaries, while 33 Names who were members of syndicates managed by Oakeley Vaughan Underwriting are suing the Lloyd's Corporation itself.

The Oakeley Vaughan case opened in April and has been adjourned until September 10. The case of Outhwaite Names opens at the High Court on 7 October.

Back to basics in the classroom

Andrew Adonis profiles the government's new chief adviser on exams

THE WORDS of Mrs Margaret Thatcher's famous sermon to the Scots three years ago – "The man who will not work shall not eat" – would seem to make the ideal text for Lord Griffiths as the government's new chief *adviser on all tests and exams*. And so they should, for the changes to St Paul's words were also drafted by him when as Professor Brian Griffiths he was head of the then prime minister's policy unit.

For "back to the basics" and "to hell with the education establishment" are cries coming from the Tory right in the Conservative party.

Mr Kenneth Baker, who as secretary of state for education between 1987 and 1989 launched most of the radical education reforms Mr Kenneth Clarke, his successor, is overseeing, is blamed for instituting the national curriculum and testing, only to hand them over to educationalists to bureaucratise and undermine.

Lord Griffiths' brief as head of the School Examinations and Assessment Council (SEAC) is thus simple. To replace the complex and unwieldy national tests SEAC imposed on seven-year-olds and is proposing for 14-year-olds, with pencil and paper-*style tests which do not upset* the school timetable for weeks on end.

His second remit is to maintain standards in public exams, in particular, by cutting down on course work allowed in GCSEs and resisting attempts to reform or devalue A-levels.

The agenda was set by Mr John Major, the prime minister, a fortnight ago. Mr Major called for course work to comprise no more than 20 per cent of the marks for GCSEs, condemned the complexity of the Standard Assessments Tasks (SATs) for seven-year-olds and even implied that mixed ability teaching, at the heart of comprehensive ideal, needed to be re-assessed.

SEAC is one of the two quangos Mr Clarke expects to do the Prime Minister's bidding. The *other*, the National Curriculum Council, which designs curriculum contents, also got a new no-nonsense chairman last week – Mr David Pascall, a senior executive at BP.

Even so, Lord Griffiths will find excelling at Mr Major's tests no easy task. SEAC has long been aware of what ministers want. But any national system of pupil-testing intended to yield scores meaningfully comparable across schools and regions, as Mr Clarke wants, is almost bound to be bureaucratic.

"The problem," said a SEAC insider, "is that devising national tests which are workable, informative and yet not *liable* to sabotage by unsympathetic teachers is extremely difficult."

Lord Griffiths has little time *to grapple with the difficulties*. He will only be at SEAC part-time, busy earning most of his bread in the City. A new chief executive has still to be appointed.

Yet new SATs for seven-year-olds have to be in place by the end of this year, as do revamped pilot tests in maths and science for 14-year-olds. Pilot tests for 11-year-olds are needed by the end of 1992; and after that, new syllabuses, with reduced course-work components, will be required for the GCSE.

Furthermore, when it comes to GCSEs and A levels, Lord Griffiths has more than the education establishment to contend with.

Course work for the GCSE enjoys wide popularity among schools and parents and a *return to little* but rote learning in timed exams will meet fierce resistance. A levels, the "gold standard" of the entire system in Mr Clarke's eyes, are virtually friendless beyond the public schools and the Tory right.

So what does SEAC itself think of its new boss? "It may be dangerous putting in such a controversial political appointee," said one member. "Philip Whalsey [the outgoing chairman] was scrupulously fair and respected. Brian Griffiths will have a mammoth job to win the confidence of the profession."

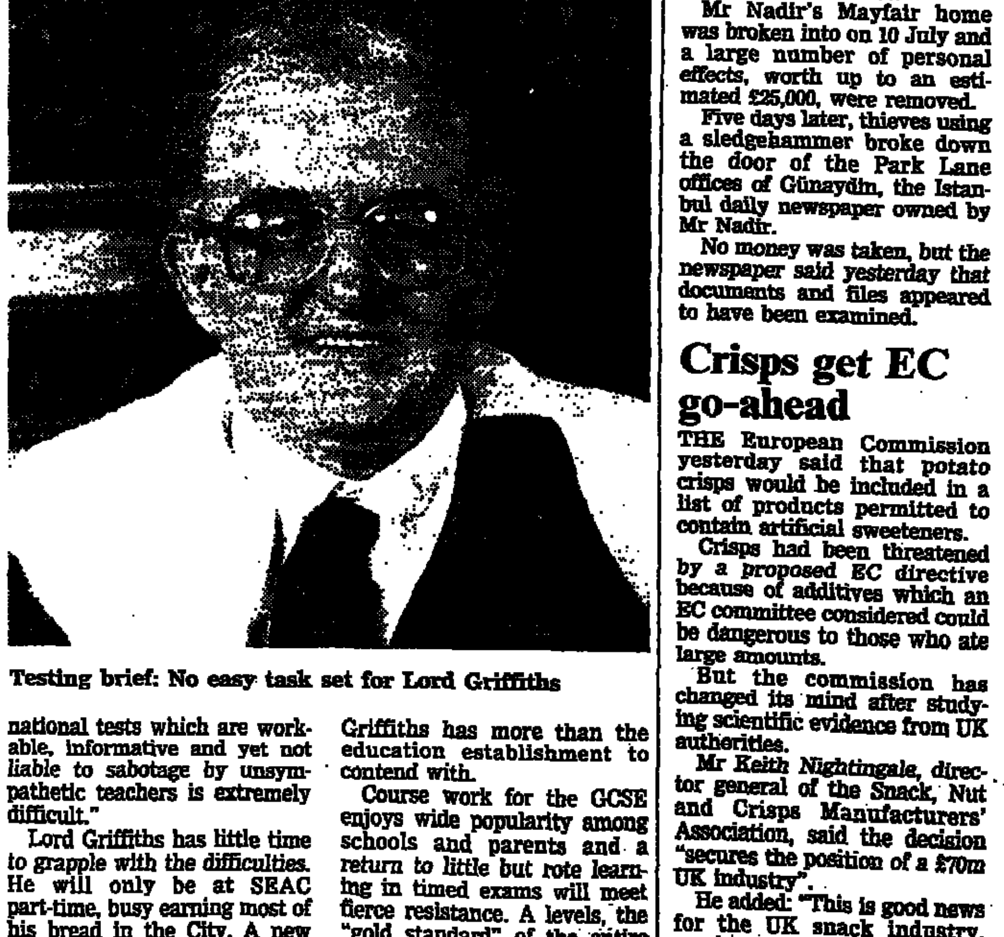
PUPILS at government-funded city technology colleges suffered "petty and vindictive harassment", Mr Michael Fallon, schools minister, claimed in the Commons yesterday.

Mr Fallon, initiating a debate on "wider choice and *higher standards in schools*", said that all 13 CTCs so far created were over-subscribed *and that the colleges were* "the schools of the future".

Mr Fallon said that CTCs had "suffered a campaign of intimidation and non-co-operation". He also spoke of "a series of threats" to the future of those teaching in grant-maintained schools.

Mr Derek Fatchett, Labour education spokesman, accused the government of a "massive differential" in cash support for CTCs and adjoining council schools.

"This government that talks about choice, talks about choice for the few," he said.



Testing brief: No easy task set for Lord Griffiths

Finance Bill completes parliamentary stages

THE Finance Bill yesterday completed all its parliamentary stages after it was debated by the Lords. As peers cannot amend money legislation, it now automatically goes for Royal Assent.

The package's main provisions are:

- Raising VAT by 2.5 percentage points to 17.5 per cent, to finance a £140 cut for most poll tax payers.
- Lifting income tax personal allowances in line with inflation.
- Limiting mortgage tax relief to basic rate.
- A new tax on personal use of company mobile telephones.
- *Increasing child benefit.*
- Raising duties on tobacco, petrol, diesel and alcohol.

Most of the changes have already been introduced through provisional legislation which is confirmed by the bill.

Edington administrators empowered

By David Barchard

A CREDITORS' committee has been appointed to work with Mr Philip Ramsbottom and Mr *Alan Benzie*, of KPMG Peat Marwick McClintock Manchester, the joint administrators of Edington Bank.

Edington went into administration on April 29 with debts of £28m. It had gross assets of £30m, but it was brought down by liquidity problems as local *authorities* withdrew deposits in the wake of the Chancery Group failure.

Proposals discussed at a meeting of creditors yesterday empower the joint administrators to continue to negotiate with interested parties for the disposal of the business. One possibility is the acquisition of the share capital of Edington.

"A decision on the preferred method of disposal will be taken in *the* next three or four weeks. Indications are that there will be a substantial return to depositors and creditors, but the timing and payment will depend on the disposal strategy," said Mr Philip Ramsbottom.

The bank's creditors are due to meet again on Friday.

Crisps get EC go-ahead

THE European Commission yesterday said that potato crisps would be included in a list of products permitted to contain artificial sweeteners.

Crisps had been threatened *by a proposed EC directive* because of additives which an EC committee considered could be dangerous to those who ate large amounts.

But the commission has changed its mind after studying scientific evidence from UK autherities.

Mr Keith *Nightingale*, director general of the Snack, Nut and Crisps Manufacturers' Association, said the decision "secures the position *of a £70m* UK industry".

He added: "This is good news for the UK snack industry, good news for the UK, and good news for European democracy."

Offices cut at Red Star

RED STAR, the British Rail parcels subsidiary, is to cut parcel offices at smaller stations to reduce losses of £9.2m incurred in the year to March.

It said efforts would be made to redeploy the 400 staff affected.

PM hails achievements of G7 industrial summit

By Ivo Dawnay, Political Correspondent

MR JOHN MAJOR, the prime minister, yesterday hailed the outcome of the Group of Seven industrial nations' summit as signalling "the most significant shift in the relationship between the industrial nations and the Soviet Union" yet seen.

But the prime minister's Commons statement on the G7 summit met strong criticism from Labour and the Liberal Democrats for failing to deal adequately with the global environment or the problems of Third World debtor countries.

While welcoming agreements on arms control and a strengthened role for the United Nations, Mr Neil Kinnock, the Labour leader, poured scorn on Mr Major's claim that the upturn in the world economy would soon be felt by a turnabout in Britain.

Challenging him to explain how increased government borrowing was consistent with the G7 undertakings to reduce deficits, Mr Kinnock asked for evidence of a UK recovery.

Brushing aside the attack as "selling Britain short", Mr Major used a question from his own backbenches to declare that he was "confident" of a return to growth in the UK as other G7 economies recovered.

"There are far too many indications for anyone to doubt that in the second half of this year there will be a great improvement and we will be coming out of recession," he said.

Mr Paddy Ashdown, the Liberal Democrat leader, echoed Tory congratulations for Mr Major's conduct of "a broadly successful and smoothly-run summit". But he went on to express regret that the outcome had failed to address the "massive human tragedy" in the developing world and the problems of the environment.

In his answers to MPs, Mr Major reconfirmed that he would consider calling an emergency G7 meeting if the Uruguay round of trade liberalisation talks failed to reach agreement by the end of the year, though he doubted it would be necessary.

He also agreed that agriculture looked set to be the main stumbling block to a deal. The heads of governments had given personal commitments to reach an accord, recognising that this could involve making sacrifices.

On debt relief for the Third World, Mr Major said that commitments undertaken on writing off debt were the most substantial ever achieved in an international forum.

Black Country road plan changed

By Paul Cheeseright, Midlands Correspondent

THE Department of Transport (DoT) has turned down plans for a new £245m motorway-standard road to open up the Black Country, and has opted for a shorter highway of lower specification costing £93m.

The Black Country, the region around the eastern and northern sides of Birmingham, is one of the most industrially polluted and derelict areas of the UK, with a clogged internal transport system.

The revised new road will extend a dual carriageway from the M5 motorway by 2.6 miles between West Bromwich and Wednesbury.

The original road proposed, drawn up by the boroughs of Sandwell, Walsall and Wolverhampton and supported by the Black Country Development Corporation (BCDC), would have run 4.7 miles from the M5 and linked, via another new road, with the M6 motorway.

The decision received a lukewarm reception in the Black Country. Mr Ron Davis, leader of Sandwell borough council, through whose area the shortened version of the road will run, said it was "a second-class solution to solve the regenerative needs of the Black Country".

Sir William Francis, chairman of BCDC, said there would be pressure "at the highest level" for the completion of the road to its originally planned length.

When the road was first announced in 1988, the estimated cost of the project was £50m. In August 1989 the DoT agreed to meet costs, which by that time had risen to £140m. But when, in 1990, it had become apparent that the costs, because of ground conditions and high specifications, had risen to £245m, the DoT froze the local authority plans and called them in for review.

The road has now been taken out of local authority control and placed under the supervision of BCDC. The DoT will provide only £68m, leaving BCDC to negotiate with the Department of Environment for the balance of £25m.

All ears: Sir Nicholas Goodison leads the group working on a code of conduct for dealing with personal customers

W Midlands seen to suffer most

By Peter Marsh, Economics Staff

THE WEST Midlands is likely to suffer in recession this year more than any other part of the UK, according to a report published by Business Strategies, the regional and economic consultancy group.

The study predicts that the West Midlands economy will shrink during 1991 by 3.3 per cent, against a decline of 1.8 per cent for the UK as a whole. One factor is the spread of recession to manufacturing, which accounts for a large proportion of the county's output.

Other regions predicted to suffer particularly badly this year are Wales, whose economy may decline by 2.9 per cent; and the south west, with a fall of 2.3 per cent.

The consultants predict that total UK output will increase by 1.4 per cent in 1992 compared with 1991.

Regional Outlook, July 1991. Business Strategies, 10 Kendrick Mews, London SW7 3HG. By subscription.

Anger in Ulster over UDR merger plans

By Our Belfast Correspondent

ANGRY Northern Ireland Unionist MPs yesterday demanded a meeting with Mr Tom King, defence secretary, over reports that the Ulster Defence Regiment is to merge with the Royal Irish Rangers as part of the reorganisation of the British Army. Mr King is due to unveil changes in the army next week.

Hardline Unionists accused the government of giving in to criticism of the regiment from nationalists and the Irish government.

The 6,300-strong regiment, the youngest and biggest in the army, is about 96 per cent Protestant, in spite of attempts to recruit more Roman Catholics. A total of 195 UDR officers have been murdered by the IRA since its formation in 1970. Soldiers have been on continuous service for 21 years, longer than any other regiment since the Napoleonic wars.

A merger with the Royal Irish Rangers, which recruits from both sides of the Irish border, would be seen by Unionists as undermining the UDR's status.

Nationalists and the Irish government, through the Anglo-Irish Conference, have consistently criticised the regiment's record, pointing to the convictions of members for terrorist offences.

The UDR is unique in the army as it serves only in Northern Ireland. Its nine battalions are not included in the 55 units which the Army Board has been told to reduce to 36.

However the Rangers, a regular infantry regiment which can be deployed anywhere in the world, is expected to figure in the army shake-up.

Mr Ken Maginnis, the Ulster Unionist security spokesman, said any question mark over the regiment's future would be used by the IRA to justify an increase in terrorist activity.

He added: "The government, by fostering uncertainty and heightening suspicion within the community, may well have signed the death warrants of more innocent people."

Big banks launch charm offensive

David Barchard on a code of conduct for small business customers

BIG BANKS are working flat out to persuade small business customers that better service is on the way in the wake of the inquiry into their charges by the Treasury and Bank of England.

Following the chancellor's order this week to chairmen of the high street banks to draw up codes of conduct for dealing with small business customers, the debate has shifted away from interest rates to focus mainly on charges and commissions – and the way customers are notified of them.

All the main UK banks have launched a charm offensive. Theysay they are working hard to draw up voluntary codes of conduct for their relations with small business customers.

These would be modelled on a similar code of conduct for relations with personal customers. That code, itself the centre of fierce controversy, is being thrashed out behind closed doors between the banks and consumers' groups, at present under the leadership of the TSB chairman, Sir Nicholas Goodison and the British Bankers Association.

One obvious problem is whether or not a code to cover dealings with personal customers can easily be adapted to meet the needs of businesses.

Most think the adaptation can be made, but that a clear sticking point has emerged. The banks are resisting pressure on them to provide invoices or notification in advance of individual charges.

The issue was neatly exposed by the Commons Treasury and Civil Service Committee earlier this month when it asked Sir John Quinton, chairman of Barclays Bank, why banks could not show all costs and charges clearly on customers' bank statements.

Sir John told the committee that the service would cost the banks about £100m a year, or an extra £3 a head. Asked why there was no other business which deducted money from its customers without sending a bill, Sir John replied: "The fact is we hold the money."

Banks are now moving towards the idea that – like British Telecom – they should issue a fixed tariff of charges to customers.

Lloyds Bank says: "If you mean invoicing people it would be so costly and time consuming that the cost would be passed back to the customer. We would help customers to calculate what the charges are likely to be over a three month period but no one is willing to print an invoice.

"Businesses should keep a tally of how many cheques they have written in a month and how many they have paid in. It ought to be part of their business planning and budgeting."

A fixed tariff may be less easy to operate than it looks. Most banks have variable tariffs for better customers and individual circumstances often make adjustments necessary.

On simpler matters such as the cost of letters or meetings, there is growing willingness to make charges known in advance. "If the customer wants a meeting with his branch manager, it is quite reasonable to tell him or her in advance that a meeting will cost so much and let them all know in advance of the revised scale of charges," says Royal Bank of Scotland.

Mr Charles Wintour, Royal Bank of Scotland chief executive, says there should be only one banking practice code, covering relationships with both personal and small business customers.

Lloyds has also produced a suggested bank customer code of conduct which suggests preparing a business plan and monitoring cashflow. It adds that customers should be realistic, keeping in close touch with the bank. Its last rule will raise some eyebrows among small businessmen: "Remember your bank is there to help."

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Limiting the damage

IT SHOULD have been an uplifting week for the Tories, with Mr John Major, the prime minister, cutting a polished figure at the Group of Seven meeting, Labour's lead in the opinion polls eroding and a set of unemployment figures carrying a hint that the worst of the recession might be over. Instead the Bank of Credit and Commerce International (BCCI) reared its unattractive head in Whitehall and brought an element of farce to the proceedings.

The tale of the letter that contained allegations of corruption at BCCI, which was shunted last year from one government department to another, only to be lost somewhere between employment and trade, was wholly peripheral to the real issues, which concern the quality of banking supervision. Yet by threatening to leave the government with mud on its face it did at least prompt a sensible if hurried response to the scandal from the chancellor, Mr Norman Lamont, in the shape of an independent inquiry.

The spotlight is thus back where it belongs on the Bank of England and the Governor, Mr Robin Leigh-Pemberton, who had resisted an inquiry earlier this week and has now been obliged to climb down. How uncomfortable it turns out to be will depend in part on the precise terms of reference and *modus operandi*, which have yet to be announced.

The chief Whitehall victim of the saga has been the hapless employment secretary Mr Michael Howard, who was the last minister to pass the epistolary buck. He appears to have been splendidly unaware that his old stamping ground the Department of Trade was not responsible for banking supervision. But the chancellor's action has, in the short run, contained the fall-out. The question now is how readily the government can regain its earlier somewhat fragile poise.

Government prospects

The stock market, which hit record levels this week, is clearly sanguine about the government's prospects. And yet the economic news on which it bases its optimism is pretty thin gruel. A rise of nearly 60,000 in seasonally adjusted unemployment last month may be below the monthly average of 76,500 in the first half of the year, but it is none too cheerful. And while government spokesmen were clearly irritated by Thursday's forecast from the European Commission that UK unemployment would top 3m next year, the figure itself is all too plausible.

As for the annual increase in average earnings, it continues to come down by a quarter of a percentage point each month. But at 8¾ per cent it remains well above the average in continental Europe and the rate of progress scarcely seems compatible with claims that the British labour market has been transformed.

The picture revealed by the Central Statistical Office's output data falls into much the same category. Manufacturing output is shrinking more slowly than at the start of the year, but in the three months to the end of May it was still down a phenomenal 6¼ per cent on the comparable period last year. But the really worrying numbers for the government are those for bank lending, which are decelerating sharply.

No buoyancy

It would be unwise to read too much into last month's spectacularly low increase in the figure for UK banks and building societies of £400m, compared with a £2.7bn rise in May. But the annual growth rate is the lowest since records began in 1976. No doubt the spate of company rights issues partly explains the reduced call on the banking system. But there is no buoyancy either in lending for house purchase or personal consumption.

And there is the rub. Despite last week's half point cut in base rates, real rates of interest remain exceptionally high. There is thus a powerful deterrent to any significant increase in consumption. That points to no more than a damp-squib recovery.

Compared with the economic background in a pre-election period, BCCI is and will remain small political beer. But the nature and scope of the inquiry into the scandal needs to be seen in the context of the inadequate supervisory structure which governs the world banking system.

Mr Lamont promised yesterday that the inquiry will be independent and that its report will be published. He also needs to ensure that it is, so far as possible, conducted in public. The BCCI saga is a classic example of how a bank management bent on fraud can exploit regulatory anomalies within the international system by placing ownership of key parts of the bank in those countries with the slackest regulatory regimes. There are grounds for suspecting that the Bank of England's performance may have fallen short over BCCI, but that the deficiencies of the authorities in Luxembourg and Cayman were open to far greater criticism. Mr Lamont's inquiry will not, on its own, meet the need.

Raymond Snoddy on the bidding for commercial television franchises

The great TV lottery

The bidding for British commercial TV franchises is turning into a Whitehall farce and could yet lead to a tragedy for British television.

All the worst fears about the government's decision to award new 10-year broadcasting licences by blind competitive tenders are coming to pass. The only real winner looks like being the Treasury which will take an unprecedented amount of money out of the commercial television system in future.

More than three months before the Independent Television Commission announces the winners of the new franchises in October, clear evidence is emerging of the dangers of overbidding by companies afraid of losing their right to broadcast. What is more, the process is coming, in some cases, to seem highly capricious; luck can play as big a part in winning or losing as judgment or the ability to make quality television. And as information about the bids inevitably leaks out, there is increasing concern in the stock market about the development of a false market in ITV shares.

In December 1980 when Lady Plowden, the then chairman of the Independent Broadcasting Authority announced the awards of the present franchises there was unease about the procedure that had been followed. Subjective and secretive, it was likened by many to a beauty contest.

Lord Thomson, who became chairman of the IBA, said: "There must be a better way."

The IBA's suggested better way was to allow the existing franchises to run but to remove the then existing barrier to takeovers as a way of guaranteeing efficiency and allowing new players to win access to the airwaves. It was a proposal that the government quietly ignored; instead it opted for the more "objective" system of competitive tenders.

Information about the level of bids now seeping out suggests that a much larger amount of money will go out of the ITV system to the Treasury than in the past. If the highest bids are accepted the total sum raised could be about £300m a year – money that will not be available for programmes.

In addition, all but the smallest companies have to pay a percentage of their advertising revenue to the government, an extra £150m, although this will be roughly cancelled by the abolition of the current levy on ITV's revenue and profits.

But the greatest weakness of the government's tendering system has turned out to be its capriciousness. Companies such as TVS Entertainment, the ITV company for the south of England or HTV, the broadcaster for Wales and the west had no choice but to put in a very serious bid because they knew they faced strong rivals.

Central Independent Television and Scottish Television had another option. Because they had no officially-declared rivals they gambled that they would be unopposed on May 15 and could therefore risk bidding low. They both placed bids of less than £1m a year. They guessed right, and their share price has soared.

The relative power of Central and Scottish could cause instability when programmes are being created for the national network. They will be much better off than other big production companies, which will be paying so much money to the Treasury that they might not have the money to make high-cost programmes.

Mr Michael Grade, chief executive of Channel 4, who is watching the process carefully although he is not directly involved, believes the blind tenders are not producing accurate information about what the companies are worth. "One million for Central and Scottish is a farce to start with," said Mr Grade.

The managing director of one ITV company was open about how he approached the bidding process.

"There's a winner's curse and a loser's curse. I have no doubt at all that I would prefer the winner's curse," said the executive who wanted to keep his identity as secret as his bid.

For most commercial broadcasters outside London, the centre of the independent production industry, to lose their licence to broadcast is to lose almost everything. Their only tangible assets are a library of programmes and the property value of their studios. Short of voluntary liquidation, their only option is to set up as independent programme producers.

With the winner's curse – bidding too high in a blind auction – a television company has at least a chance of survival by cutting costs in future to meet its new circumstances; or it may hope that the rules will have to be changed in future to prevent the collapse of the system.

The main source of high bids was expected to be inexperienced would-be broadcasters who did not understand the cost of making quality television or who believed they could cut costs by commissioning most of their programmes from independent producers.

What is most surprising is the size of some of the bids being made by companies with their backs against the wall.

The £55m bid, in 1993 prices, by TVS Entertainment, the south of England broadcaster; the £16.17m bid by Television South West; the HTV bid of more than £20m for Wales and the West; the Tyne Tees bid of £14.5m must all be considered enormous given the size of their regions and their share of national advertising revenue.

The bids of TVS and TSW, for example, are underpinned by forecasts of future advertising revenue from National Economic Research Associates – a forecasting body that has done work for the IBA in the past.

Using an econometric model relying heavily on projections of consumer expenditure and company profitability – the main determinants of advertising spending – NERA is forecasting that there will be 5.4 per cent a year average real growth in advertising revenue between 1993 and 2002, the franchise period. The prediction is not wildly improbable in that real growth between 1975 and 1990 was 6.8 per cent. But given the depth of the recession, some fear that advertising may take a long time to return to pre-1990 growth rates. If NERA turns out to be too optimistic the effect on those using its business plans could be devastating.

Miss Sue Stoessal, an advertising consultant, has taken a base figure of £250m advertising revenue in 1990. With 4.5 per cent growth, revenue in 2002 would be £424m. A more cautious 2 per cent would produce only £323m a year. Over the 10-year franchise period, she argues, the cumulative revenue differences that come from the different estimates of growth amount to £604m.

"The difference between these two revenue figures would allow significant variations in the business plans of competitive tenders and make an enormous difference to what the viewer saw on the screen," Miss Stoessal said.

Although companies are including significant cost saving measures in their business plans – TVS plans to take out £25m a year in costs – there are fears about the profitability of broadcasters given some of the sums being bid.

The £35m a year bid by Sunrise, the breakfast consortium which includes London Weekend Television and The Guardian and Manchester Evening News, equals more than 50 per cent of TV-am's present revenues when the 15 per cent of advertising revenue the station must pay to the government is included.

The survival of ITV, or Channel 3 as it will be known in future, in anything like its present form and quality could depend to a large degree on how ruthless Mr George Russell, the chairman of the ITC, and his members turn out to be.

The quality threshold all applicants must get over before their bids are considered includes not just quality programme proposals but quality business plans capable of sustaining such schedules.

In March 1990 the then broadcasting minister Mr David Mellor gave unambiguous advice on the subject: "If the ITC were to conclude that too much money was going on the upfront payment and that that de-stabilised their [the bidders'] ability to finance the programme promises they could be rejected on that basis. Indeed, I would expect them to be rejected on that basis."

Mr Russell clearly has been given the power to turn a misconceived government policy that few now support into a system that might prove workable.

Many in the industry now believe that it is time to remove some of the uncertainty by bringing all the bids into the public domain so that there can be a sensible debate about whether the sums of money involved can be reconciled with the production of quality programmes.

It might not add up to the better way that Lord Thomson sought. It might, however, make the awarding of franchises a little less secretive – though no less subjective – than last time.

TV FRANCHISE BIDS

Highest bidder	Other bidders
Scottish: less than £1m	uncontested
Central: less than £1m	uncontested
Border:	uncontested
TVS: £55m	Meridian, Carlton, CPV-TV all £20m-£30m
Sunrise: £35m	Daybreak £35m, TV-am below £30m
Yorkshire: about £34m	Viking, White Rose
Tyne Tees: £14.5m	North-East £10m
Anglia: £15m -£16m	Three East £14m, CPV-TV
North-West: £35m	Granada under £20m
TSW: £16.17m ahead of	Telewest and Westcountry Television
HTV: £20m plus	Merlin £19.5m, Channel 3 Wales/ West £18m, C3W £18m

Excluded from table: Channel Islands, Thames, London Weekend, Northern Ireland, Grampian

Glass houses in the G7

Peter Norman on the danger of western economic hypocrisy

President Mikhail Gorbachev came to the London summit of the biggest industrial democracies to explain, seek help – and also to lecture.

In tones that would do credit to any western trade negotiator, he demanded "movement from the other side" to remove "whole tons of barriers, obstacles and impediments" to the Soviet Union's integration into the world economy.

His remarks, coming at the end of his joint press conference with Mr John Major, the prime minister, were a reminder to the Group of Seven industrialised democracies that people in glass houses should not throw stones.

In effect, the Soviet leader was saying that if the G7 nations insist that market economics are to be the salvation of the Soviet Union, the former communist states of eastern and central Europe and developing nations in Africa and Latin America, they must be prepared to apply them in their own countries.

The proselytising zeal with which the leading industrialised democracies are spreading their creed of liberalisation abroad could yet have profound effects on their own policies. The pressure on other countries to adopt market-oriented policies is being met by strong demands from developing and former communist countries for the industrialised world to bring down its barriers to trade.

Mr Alejandro Foxley, the Chilean finance minister, has said that a "revolution in trading practices of the developing countries" is taking place.

According to Mr David Henderson, the head of economics and statistics at the Organisation for Economic Co-operation and Development, this revolution and the political transformation of eastern and central Europe means the industrialised nations are already out of step with the rest of the world. "For the first time in economic history, the main impetus to trade liberalisation is at present coming not from the industrial countries which profess to accept liberal norms, but rather from countries whose past tradition has been to question or reject them," he says.

It is a trend that worries Mr Norman Lamont, the chancellor. He warned earlier this month that the industrialised world would face charges of "hypocrisy" if the countries of eastern and central Europe were not allowed to trade their way to prosperity.

In a speech to the free-market Institute of Economic Affairs the chancellor complained that the European Community appeared slow to realise "the political and economic imperatives" for action. "The instinct still seems to be to ask 'what barriers should we remove?' rather than 'why should *any* barriers remain?'"

The G7 leaders addressed some of these issues in the statement issued after this week's summit.

- They promised some relief for eastern and central Europe, undertaking to give the new democracies better access to G7 markets for their exports, including steel, textiles and farm products in which they have a comparative advantage.
- The leaders offered hope to the non-industrialised countries in general by pledging to agree an ambitious, wide-ranging package of trade liberalisation measures in the current Uruguay Round negotiations. Fears that the Group of Seven nations would settle for a mini-package, or lowest common denominator, were not realised.
- The structure of the communique also showed that they realised that the onus for achieving trade liberalisation rests on the industrialised world.

It said that urgent progress needed to be made in the four areas of market access, agriculture, services and intellectual property, "taken together". These are areas where concessions will have to be made primarily by the industrialised countries.

Other areas for negotiation, dealing with textiles, tropical products, safeguards and a dispute settlements mechanism, are close to conclusion. These are areas in which the developing countries mainly stand to gain.

By lumping together the four chief areas for negotiation, the G7 leaders ensured that their communique would have the fractured syntax that is an inescapable part of international economic diplomacy. But the statement spared the sensibilities of the European Community by making clear that agriculture is not the sole important problem.

That the EC's feelings need sparing was tellingly illustrated by Mr Jacques Delors, the Commission president when he was asked, at his post-summit press conference, to explain why the EC was joining the G7 in urging radical economic reforms on the Soviet Union while merely tinkering with its own badly-flawed common agricultural policy.

The Commission president grimaced and fidgeted with his interpreter's earpiece as the question was put. He then accused his tormentor of being dogmatic. Eventually, after some bluster, Mr Delors muttered something to the effect that all agricultural markets were managed.

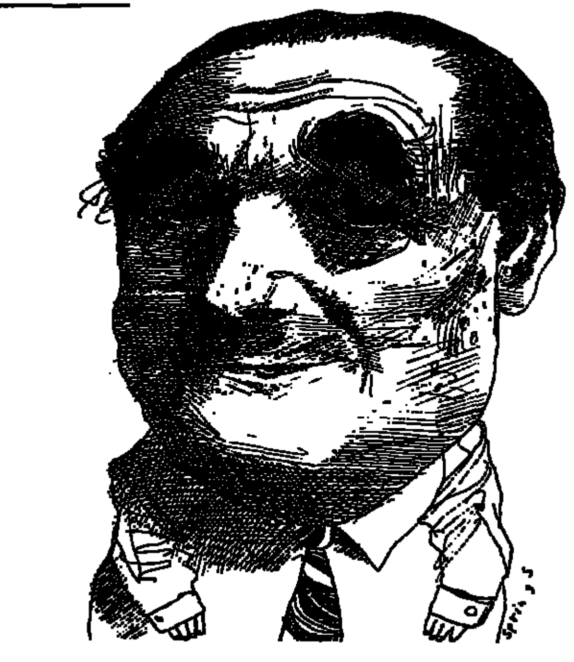
Unless the industrial countries take care, the discomfort suffered by Mr Delors could become a common experience for other western politicians and officials in the future.

MAN IN THE NEWS

Robert Maxwell

Press baron has a change of heart

By Tony Jackson



Say what you like about Mr Robert Maxwell: he knows how to produce an interesting annual report.

Not for the ebullient publisher the boring catalogues of success from the likes of Marks and Spencer. This week's report and accounts from Maxwell Communication Corporation presented the usual Maxwellian tangle of figures. But it also announced, quite out of the blue, a complete upheaval in the structure of the business and an abrupt switch in top management.

Until Tuesday morning, the business world was under the impression that Mr Maxwell would be stepping down as chairman of the deeply indebted MCC at its annual meeting in September and handing the job over to Mr Peter Walker, the former Tory cabinet minister. But Mr Walker has suddenly jibbed at the idea. The chalice passes back to Mr Maxwell.

At the same time MCC is to split itself into two parts, with the US business – which makes up 90 per cent of group profits – being floated separately on the US market. This, according to Mr Walker, was his idea; and since the resulting structure leaves him little to do, he proposes to step down.

This account of things has provoked a degree of polite scepticism in the City. That apart, some of the details of the proposed flotation suggest that Mr Maxwell's private finances, always a matter of profound mystery, are coming under a degree of pressure.

The purpose of the flotation, MCC insists, is to improve shareholder value. But the chief shareholder is of course Mr Maxwell himself who, with his family, owns some 70 per cent of the equity. The plan involves selling some of that equity, probably down below the 50 per cent level.

This represents a revolution in Mr Maxwell's thinking. Three months ago, when he was floating a minority stake in his privately-controlled Mirror Group of newspapers, he stated flatly: "I will not, so long as I am alive, be in a public company in which I or my family have less than 51 per cent."

This week, he was reduced to saying rather lamely that he had only been talking about newspapers, or perhaps only about the Mirror Group itself. But as he reiterated yesterday, there is no question about the change of heart.

"As part of the demerger, there is every likelihood that the family's control would disappear. If you are to achieve shareholder value, giving up control is clearly one way to do it."

This is only one of a number of tell-tale signs implying the need for cash. For instance, it has normally been the habit of the Maxwell family interests in MCC to take dividends not in cash but in shares. But as the report and accounts this week disclosed, last year they went mostly for cash, despite the fact that lack of profitability meant the dividend had to be paid partly from reserves. The debt-laden MCC may be in poor shape; but it would appear that other bits of the far-flung Maxwell empire are in worse shape again.

It therefore comes as little surprise that Mr Maxwell has been selling off a remarkable number of the more liquid assets in his private portfolio in recent months. The best publicised of these was the Mirror flotation back in April.

Other examples include the sale of his stake in the printer De La Rue nine months ago for £74m, of stakes in the French TV station TV1 and Central TV in the UK in February for some £50m and £25m respectively, and of his holding in the merchant bank Singer & Friedlander for £7m two weeks ago. His holding in another merchant bank, Guinness Mahon, will shortly be taken off his hands through an agreed bid, while there were accounts this week of him preparing to cash in part of his lucrative stake in the Israeli exporter Scitex.

It would be wrong to infer that the traffic has been all one way. Indeed, it is one of the striking aspects of Mr Maxwell's character that when he wants something he seems to have great difficulty in not buying it, however strapped for cash he may be at the time. Hence his purchase in March of the New York Daily News, which seems likely to land him with substantial liabilities, or his recent attempt to buy into the London football club Tottenham Hotspur.

There is no possible means of estimating the full scale of Mr Maxwell's private indebtedness. This is, of course, a large part of the point. For such a highly public figure, Mr Maxwell is in some respects a very private man.

There is no way of guessing at his asset backing either. Standing by his helicopter pad on the roof of the Mirror building in the centre of London, Mr Maxwell will make a grand gesture taking in the island block in which it stands, extending from Holborn almost to Fleet Street. He owns all of it.

He also, of course, owns a 70 per cent stake in MCC, worth nearly £900m at today's market value. It has been alleged – for instance, by the US magazine Business Week – that at least a third of this is pledged as collateral for private Maxwell loans. This is described by the Maxwell camp as nonsense, or less polite words to that effect. Some shares may be pledged at different times, but nothing like that amount.

Despite that, there is no escaping the sense of pressure. By no means all the assets being sold will have been parted with lightly. When MCC sold Pergamon Press to Elsevier of Holland two months ago for £446m, Mr Maxwell was severing ties with a business which he had built up from scratch and had particular reason to be proud of.

In his circular to shareholders at the time, he wrote: "Pergamon Press is the business which I founded more than 40 years ago and naturally both I and my family have a strong emotional attachment to it." Perhaps revealingly, the same passage is repeated verbatim in this week's report and accounts.

But whatever the pressures, it remains curiously difficult to imagine Mr Maxwell going bust. He is not, after all, a stripling caught out by his first recession. At the age of 68, he has seen it all before. The point is rather that he has retained his capacity for risk, best exemplified by the enormous prices he paid for MCC's US assets at the height of the 1980s publishing boom. These were to be the crowning of his life's work, and he now faces losing them.

But it is equally difficult to imagine Mr Maxwell being seriously despondent about that. One of the qualities most often ascribed to him is resilience. It is just that, as time goes on, he has more and more to be resilient about.

Richard Waters looks at the inquiry into BCCI's closure

Questions for the Bank

The inquiry into the supervision of Bank of Credit and Commerce International will quickly discover one fact about the relationship between the central bank and BCCI: from the outset, the Bank of England had precious few illusions about the upstart Pakistani-run operation headquartered a couple of blocks away on Leadenhall Street. BCCI. Its management seemed poor, as did its financial controls. Its accounts were almost impossible for its auditors to unscramble. It was riddled with bad loans and needed new capital, and it had been implicated in laundering drug money.

Yet, as BCCI grew at breakneck speed, from its origins in the early 1970s to its $20bn of assets by the end of the 1980s, the Bank shrank from using what it sometimes calls "the nuclear option" of closing down BCCI's UK operations. Why the Bank of England – along with a "college" of bank regulators from other countries – moved so late to close down BCCI will inevitably be the central question for the independent inquiry announced by Norman Lamont, the chancellor of the exchequer, yesterday.

The Bank has a range of powers to use against wayward banks, and seems to have used most of them against BCCI at one time or another. In 1978, before the UK had specific legislation governing the supervision of banks, the Bank prevented BCCI from expanding its branch network further in the UK. It stood at 43 at the time.

Under the 1979 Banking Act (now superseded by the 1987 Banking Act), financial institutions were divided into two groups: those that could use the word "bank" in their titles, and a secondary group known as "licensed deposit takers".

BCCI, though it appeared to fulfil all the requirements in the Act to be classed as a bank, was nonetheless restricted to licensed deposit taker status, apparently because of Bank of England concern about its reputation and standing. However, it seems unlikely this veiled warning would have meant anything to most of its customers.

In 1985, BCCI reported a large loss on options trading. The Bank's response: to tell BCCI to move its treasury operations out of the UK, an order with which it complied.

After 1987, regulatory activity moved up a gear. Under the newly-passed Banking Act, bank auditors had a statutory right to report suspected fraud to the authorities, and also to report on a bank's systems and control. Price Waterhouse became a central part of the Bank assault on BCCI. Apart from the new reporting powers, it was made sole auditor of the group (previously shared with Ernst & Whinney). The intention was to give it a full, rather than partial, view of the group.

At the same time, the Bank of England got together with other banking regulators for the first time to form an international "college" of regulators, led by the Luxembourg banking authorities. The regulators were belatedly making attempts to grapple with what had become a financial octopus, its tentacles reaching into many lightly regulated parts of the world. They were already too late: the fraud at the heart of BCCI dated back beyond before 1985, and possibly beyond before 1980.

Regulatory activity, however, intensified. The question for the Bank of England is whether what happened next was too little, too late.

After BCCI executives were convicted in the US of laundering drug money, for instance, the Bank ordered Price Waterhouse to do an investigation of its UK operations under section 39 of the Act. The conclusion: the bank's systems were adequate and did not expose it to similar laundering operations (at about the same time, BCCI was named in a laundering trial in the UK).

Further reports followed, and by last spring, when Price Waterhouse revealed the existence of huge, potentially bad loans to people connected with the bank, the activity had become intense.

The Bank says it had plenty of evidence of what it calls "bad banking" – apparently uncontrolled lending not backed by proper documentation or security. However, it claims not to have harboured suspicions of fraud until March of this year, and not to have evidence of fraud until the end of June.

The losses revealed early in 1990 led to a recapitalisation of BCCI, prompted by the regulators. Sheikh Zayed bin Sultan al-Nahyan, ruler of Abu Dhabi, took control of the bank and injected about $1bn of new money into it. Bad loans were to be hived off into separate companies, where they could be wound down. The first step in the process of bringing BCCI back to health had been taken.

The second step came in October. On the production of a new, still more damning report from Price Waterhouse, BCCI's two top directors resigned – Mr Agha Hasan Abedi, its founder and president, and Mr Swaleh Naqvi, its chief executive. It is not known if the Bank pushed for their removal from the board, but it says now that the report revealed "inappropriate transcations" involving senior figures in the group.

With new top management, a new controlling shareholder and new capital, BCCI seemed to have overcome many of its problems in late 1990. There is a question over the extent to which suspicions of the BCCI fraud had arisen at this stage. But the Bank seems at least to have been happy that it had survived the worst.

It seems that Robin Leigh-Pemberton, governor of the Bank of England, and his staff then sought a longer-term solution, something that would settle the regulators' concerns once and for all. This involved breaking up the group into three separate companies. One of these, controlling the European operations, would be based in the UK. A "ring fence" was to built around the UK operation, protecting its depositors from contamination by other parts of the group.

The regulators must have believed they were close to a solution – until fresh evidence of possible fraud emerged, and a fresh investigation was launched, leading to the closure of the bank.

This catalogue of activity reveals that the Bank of England was alert to many of BCCI's problems and eager to sort them out. However, from what is already known, Mr Leigh-Pemberton will have at least four difficult questions to answer before the inquiry.

First, why weren't management changes demanded earlier? The answer in part is that BCCI operated through UK branches: it was for the Luxembourg authorities to approve senior management.

A second, and related, question, is why the Bank of England relied on the Luxembourg regulators for so long. It had the power to authorise BCCI's branches, forcing it to incorporate in the UK and seek approval from the Bank. This would have brought about a degree of "ring fencing" far earlier.

Third, if the Bank had so many concerns about BCCI, why didn't it close it down earlier? Its actions could be subjected to judicial review, but it appears to have had plenty of information to justify prompter action.

Tony Andrews

Robin Leigh-Pemberton: Westminster unlikely to help

Fourth – paradoxically – why didn't it keep BCCI open longer? If Sheikh Zayed was brought in to underwrite the bank, shouldn't the Bank of England have sought his support rather than close it down? The Bank says it could not have approached him without risking the bank's assets – though it has not explained the reasons for its fears.

When Mr Leigh-Pemberton is finally called on to answer these questions, one thing seems clear. He will not be able to look to Westminster for support in defending the Bank from the sternest inquiry it has ever faced.

The chronology of corruption

Philip Coggan examines the history of allegations against BCCI

Every day since the closure of the Bank of Credit and Commerce International, more revelations about its activities have emerged. Questions about what the regulators knew, and when, have become increasingly pressing, and will be one focus of the independent inquiry into BCCI's supervision and collapse.

The history of the bank does not have to be examined too closely to find that damaging allegations about its conduct were common currency for years before the regulatory authorities closed it down. These were not rumours that circulated only with a nod and a wink between a few people "in the know" in the City. They were stories printed again and again in the world's press over a long period.

All of the current wave of revelations about the bank have been made public before – insider loans, tax evasion, money laundering, substantial losses, the mysterious shareholding structure and the fears of the regulators.

It might have been expecting a lot to ask a small businessman to keep track of BCCI's activities, although the Noriega money laundering case was extremely well-publicised. But the regulators and the auditors, if they had merely kept track with the press clippings, ought to have received plenty of pointers about the kind of irregularity that was being conducted.

It is not as if concern about BCCI is a recent development among regulatory authorities. Back in 1975, the bank was prevented from buying the Chelsea National Bank in New York State by US regulators. And when, as a result of the 1979 Banking Act, the Bank of England made a division between the higher status banks and the lesser "licensed deposit takers", BCCI was placed in the lower category.

Reporting on BCCI's status in 1980, the FT said that "the problem for BCCI is believed to lie in ... the Bank of England's judgment of BCCI's reputation and standing in the financial community." That reputation had already been damaged, even when the bank was apparently growing swiftly and successfully.

● Take, for example, the complex and suspicious-looking movement of funds between the bank's affiliates and subsidiaries.

In 1978, the Financial Times – on its front page – and the Economist magazine produced stories on a US court affidavit about a critical report on BCCI prepared by Bank of America, then a substantial shareholder in the group.

The affidavit said that the report highlighted BCCI's custom of making substantial "insider loans". At the same time, the 1977 BCCI report and accounts showed that the group lent a net $81m of depositors' money to affiliated companies.

● Large losses in the lending and treasury operations at BCCI were cited as the prime reason for its closure since they led to a massive fraud to cover them up.

But large losses were certainly not an unusual feature of the bank's history. It was widely reported that the bank lost $150m in the US Treasury bond options market in 1985. Bad loan provisions forced the bank to announce losses of $48m in 1988 and $498m in 1989. The 1978 Bank of America report also commented on the extent of BCCI's bad loans at that time.

IBCA Bank Analysis, a UK rating agency which received several hundred inquiries about BCCI over a number of years, wrote in a standard letter to clients in March this year: "After a period of rapid growth in the 1970s and 1980s, BCCI's results in recent years have been less than satisfactory, with the bank reporting declining earnings in the period 1985-88. Reasons for these declines have included very large options losses in 1986 which raised some questions on the quality of the bank's controls and, more recently, rising private sector losses and also, sovereign debt provisions."

● BCCI's involvement in the Noriega money laundering affair might have been dismissed as a one-off matter involving a limited number of officials.

But an Observer newspaper article in early 1989 cited how BCCI had featured in several earlier US investigations into drug money laundering. The BCCI branch in Panama was regularly cited by several convicted drug smugglers in the 1980s as a place where they deposited funds, and a smuggler called Randy Fink deposited $2m in BCCI (Cayman Islands) before he was arrested for trying to import $20m of marijuana. In 1986, a BCCI clerk in Chicago was arrested about

SHEIKH ZAYED

AGHA HASAN ABEDI

ROBIN LEIGH-PEMBERTON

U.S. bank 'critical of BCCI'

BY DAVID LASCELLES NEW YORK, August 30.

EVIDENCE THAT Bank of America, a major shareholder in the London-based Bank of Credit and Commerce International, was critical of BCCI's manage- ... west from Bank of America a credit report it prepared on BCCI Holdings (Luxembourg) SA, the parent company, last autumn which it expects will ... were inadequate. These should be increased by almost six times to $17m.

● BCCI had engaged in the practice of making substantial ...

Financial Times, 31 August 1978

Bank refuses BCCI top status

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE Bank of England has told Bank of Credit and Commerce International, the Luxembourg-based bank with Middle Eastern shareholders, which has 45 branches in the UK, that it does not merit the status of a ... thought to remain hopeful of a change of mind.

BCCI, whose president is Mr. Agha Hasan Abedi, is very concerned that failure to obtain top rank banking status in the UK might damage its ... may have been influenced by the fact that BCCI came to the UK only in 1973, since when it has grown very rapidly and attracted a considerable amount of publicity.

If BCCI fails to get the Bank ...

Financial Times, 5 April 1980

an alleged $1.5m money laundering operation.

Although BCCI was not prosecuted or indicted in any of these investigations, cumulatively the stories might have been expected to cause depositors to shy away.

In the course of the 1988 Noriega laundering case, assistant US attorney Mark Jackowski quoted a BCCI official about the practice of "hawala" – a system of tax evasion which involves paying an individual in one country with funds destined for someone in a different country. The official reportedly said "this is a system of money laundering that BCCI used to engage in, but they stopped doing it because it was too primitive and since that time they have moved on to other forms of money laundering".

● Nor can BCCI's alleged involvement in helping clients evade tax have come as a complete surprise. In 1990, the Inland Revenue accused the bank of filing incorrect returns on composite rate tax, payable on interest-bearing deposits. Accounts were wrongly exempted from CRT and the Revenue said "further substantial tax may be due".

The satirical magazine Private Eye, which ran a series of hostile stories on BCCI throughout the 1980s, made the particular allegation that the bank had allowed UK residents to claim non-residence and thereby avoid tax. This allegation has cropped up again since the bank's closure.

In addition, BCCI or its officials were accused of violating foreign exchange controls in six developing countries in the 1980s: Brazil, Colombia, India, Kenya, Mauritius and Sudan; and found guilty in three of them.

Small wonder that Robert Morgenthau, the Manhattan district attorney, told the US Senate Banking subcommittee in May that "BCCI has an international reputation for capital flight, tax-fraud and money-laundering activities that far exceeded the conduct charged in the Florida (Noriega-related) indictment".

● The Federal Reserve discovered earlier this year that BCCI was secretly the owner of the First American group of banks in Washington. But the extent of BCCI's involvement with First American had been the subject of controversy ever since the late 1970s when a takeover approach was made to the then Financial General.

Agha Hasan Abedi, BCCI's founder, became interested in Financial General through his contacts with Bert Lance, President Jimmy Carter's former budget director. When various investors bought stakes in Financial General in 1977-78, the Securities and Exchange Commission filed a suit claiming that Lance was acting for a group which included Abedi, that was trying to gain control of the company.

When Financial General was eventually taken over in 1981, the acquiring company, Credit and Commerce American Holdings, had many of the same shareholders as BCCI. At the time, BCCI's links with Bank of America meant that BCCI would not have been allowed to take over Financial General because of American banking regulations.

This year, it has emerged that many of the shareholders of Credit and Commerce American Holdings had borrowed money from BCCI to purchase their stock. When they defaulted on their loans, BCCI acquired control of the shares and thus First American.

Assurances were given in 1981 that BCCI was not involved in the purchase of First American, other than to provide investment advice. A prominent Democrat, Clark M Clifford, who became First American chairman, repeatedly denied allegations that BCCI owned the bank thereafter. Clifford says he was unaware of BCCI share purchases and disputes the extent of BCCI's alleged control.

What seems odd, given the involvement of BCCI shareholders in the purchase of First American, is that the authorities allowed the takeover. Indeed the commissioner of financial institutions in Virginia, a state where First American had operations, objected to the acquisition at the time.

What might have concerned US regulators and, indeed, authorities elsewhere, was the real ownership of BCCI itself, which was always in doubt. The largest single shareholder was International Credit & Investment Co (Overseas), a Cayman Island based company. Ownership of ICIC was apparently split between a staff benefit fund, a charitable fund and a promotions fund. However, it was continually alleged – and denied – that the true owner was Abedi.

The rumours and allegations about any one of these issues might have been dismissed as the fevered imagination of the press, or of "western banks shaken up by a new competitor" as was occasionally suggested. But the combination of the stories ought to have been enough to deter depositors who did their research, even if the regulators did not act.

IBCA certainly made its judgment pretty clear. The agency did not give BCCI a rating because it did not have access to sufficient information. However, in March this year, the agency did tell clients that "BCCI is controlled by a Luxembourg holding company and cannot look to any of the recognised central banks to act as a lender of the last resort. If we were to rate BCCI, I believe our legal rate would be 5 (the lowest) and, on the base of published data, our individual rating would be somewhere between C and D." In other words, BCCI was a poor risk.

Back in 1978, when the bank was still growing, Abedi dismissed, in an FT interview, suspicions of his bank's operations in the financial establishment. "Western banks concentrate on the visible, whereas we assess the invisible," he said. The task of the inquiry will be to assess why BCCI's visible failings left regulators in the dark.

Additional research by Jan Schling

LETTERS

Where shareholders can suffer under nominee accounts system

From Dr A J Martin.

Sir, Mr J M Cobb (Letters, July 13) seeks to reassure investors that they should not fear nominee accounts. At the same time I note that the liquidators of a firm of brokers are insisting that the shareholdings belong to creditors of the company and not to the beneficial owners. While the lawyers argue over that, what of the poor shareholder attempting to retrieve his funds? Mr Cobb further asserts that brokers will provide company reports if requested. So they may, but some brokers charge for that privilege, and how is one to know that a report has been issued or an AGM arranged, and on what date? Some brokers also charge for remittance of dividends, or for preparation of an annual statement of holdings and transactions, or just for the privilege of maintaining your account.

No, Mr Cobb. There is little or no advantage to the ordinary share purchaser in a nominee account. The shareholder loses his company perks, the loyalty bonuses paid by privatisation issues, automatic issuance of company reports and dividends, and the security that comes from possession of a certificate of ownership.

A J Martin,
Birchmead,
Tydehams,
Newbury, Berkshire

From Mr James Carty.

Sir, Mr Cobb should not be allowed to lull investors into a false sense of security about nominee accounts and paperless shares. Successive financial scandals have exposed clearly the futility of relying on insurance policies, compensation and protection schemes.

Investors have been suffering in three ways. First by investing beyond the paltry limits of the compensation schemes. Second, brokers' insurance policies have been inadequate. At Robson Rhodes we have been horrified to uncover insurance policy limits as low as £2m for firms apparently holding more than £1bn of investments, mostly via nominee accounts.

Third, some failed brokers' record keeping has been so appalling that liquidators have been unable to distinguish nominee account holdings of investors from the brokers' own assets.

Our advice is avoid nominee accounts, or, if you use them, insist on having your own name in the account title. It is better to be safe than sorry, whether you are a private investor, institution, charity or pension fund.

James Carty,
Robson Rhodes,
186 City Road,
London EC1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Real returns: time-scale and how interest is spent are important

From Mr Robert K Young.

Sir, While I accept that Philip Coggan's article ("Why real returns really matter", July 13) is reasonable, I would like to make two points.

First, the main concern is to obtain the best return possible, commensurate with risk. It depends on the time-scale that has been selected before making a judgment on the way in which one distributes assets for investment purposes.

Second, for the retired or those who rely on investment income the situation is somewhat different. In my experience, most investors spend all the interest. In these circumstances, a fall in average rates from, say, 10 per cent to 7.5 per cent represents a drop in income of 25 per cent. While the rate of inflation is falling, the price of goods is increasing. Obviously one should only spend the excess over inflation but this is rarely possible.

I will be extremely surprised, not to say disappointed, if the return on deposits exceeds the increase in the FT-SE index in the next 12 months.

Robert K Young,
Wilcox Young & Co,
77 Bedford Place,
Southampton

Yes, farmers will probably suffer

From Mr Robert Fergusson.

Sir, Mr Gummer and Mr Prag (Letters, July 15 and 16) take it as given that an objective of agricultural policy should be to increase "efficiency" – which, in this context, means to maximise production per acre through intensive farming methods applied to ever larger units.

This ignores the fact that the fundamental problem of European agriculture is chronic over-production, which increased yields only exacerbate. It is self-evident that, if any reform is to be effective, average production per acre must actually fall and/or a massive quantity of agricultural land must be turned over to other uses. The unpalatable truth is that either of these processes will require further significant reductions in returns per acre and in the price of farmland. And, yes, "efficient" British farmers will probably have to suffer more than most.

Robert Fergusson,
61 Buckingham Road,
London N1

Why education should continue throughout working life

From Ansel Harris.

Sir, Mr Andrew Howell (Letters, July 3) is perfectly correct when he advises, "during the last 10 years Britain has failed to face up to the very real issues in adult training". He could have added: "...and continues to do so."

Recently, the government issued a White Paper entitled Education and Training for the 21st Century. Sadly the title misleads as to its content and goals. The first paragraph of the White Paper is more accurate in revealing the extent of governmental thinking when it elaborates, "this White Paper contains the government's plans to improve and develop the education and training system for sixteen to nineteen year olds" (sic).

The latest DES figures show that, nationally, 56 per cent of further education students are over 21. In the borough of Brent over 70 per cent of further education students at its colleges are in the 19-plus age group. This demonstrates the demand for post-19 education that exists. In discussing the education and training needs for the 21st century it is vital that the problems of the education training and retraining of the older and returning students be addressed.

The need is for the creation of a new learning culture for the 21st century, and for a recognition of the importance of continuing education throughout working life. It is to be hoped that the Bill, when presented to parliament, will take proper cognizance of this need.

Ansel Harris,
chairman of governors,
Kilburn College,
Priory Park Road,
Kilburn, London NW6 7UJ

Giving deer a pasting

From Mr J L F Fergusson.

With reference to Bridget Bloom's article "Bring on the Lions" (June 29), may I suggest a substance called AA Protect, applied to tags on canes around rose beds, as a deterrent to roe deer?

I saw it used in Crarae Gardens, near Inverary in Argyll, where the head gardener finds it effective. It is a white paste, non-smelly to humans, and I have found it a success. Of course, to be 100 per cent sure a high fence is the answer.

J L F Fergusson,
Lower Pitfourie,
Moulin, Pitlochry,
Perthshire PH 16 5HF

The need for incentives to encourage private landlords

From Mr Dennis Woodman.

Sir, Once again you have published a leader ("Grasping the housing nettle", June 28) addressing the nation's housing needs and make a comment in passing that any variation in the present tax arrangements should not open up tax avoidance schemes. You should put greater emphasis on the need for incentives.

I am a very small private landlord. I have just renovated and sold a flat that had been subject to a regulated tenancy; I had the good fortune in that after 20 years the occupants upped and left. I was legally unable to relet this flat. The proceeds I invested elsewhere. Had there been provision for roll-over relief for my substantial capital gains, I would have been foolish not to have immediately reinvested in a further property for letting.

So long as the tax regime treats the private landlord as an investor and not a trader providing a service to the community and to the tenant, society will get the private rented sector it deserves. This letter adds another statistic to a vanishing sector.

Dennis Woodman,
32 Sea Road,
Milford-on-Sea,
Hampshire

TV company waits patiently as contrasting stories emerge

From Mr John Edwards.

Sir, It was with some interest that I read Raymond Snoddy's article (HTV outbids rivals with £20m-plus", July 18) about HTV outbidding its rivals in the current franchise applications. I note Mr Snoddy states that HTV "...has outbid three powerful rivals with an unexpectedly large bid of more than £20m a year".

Meanwhile, I read in Television Week that HTV is believed to have been outbid by all three rivals, and in the Western Mail I see that HTV or C3W are believed to be the most likely winners.

It seems curious that, on the same day, three contrasting stories about the same issue have emerged. Those of us who are in possession of the true facts can afford to be patient.

John Edwards,
director of programmes,
Channel 3 Wales and West,
3 Trinity Court,
21-17 Newport Road,
Cardiff

A novel place to put ads

From Ms Ruth F Bender.

Sir, Re "A paper-thin comparison" (Letters, July 13), making cost comparisons between Andrex and the FT, does Mr Duncan McGregor's toilet paper carry advertising?

Ruth F Bender,
28 Hunts Path,
Oakley,
Bedford

UK COMPANY NEWS

Isosceles back in black with £3.6m

By Maggie Urry

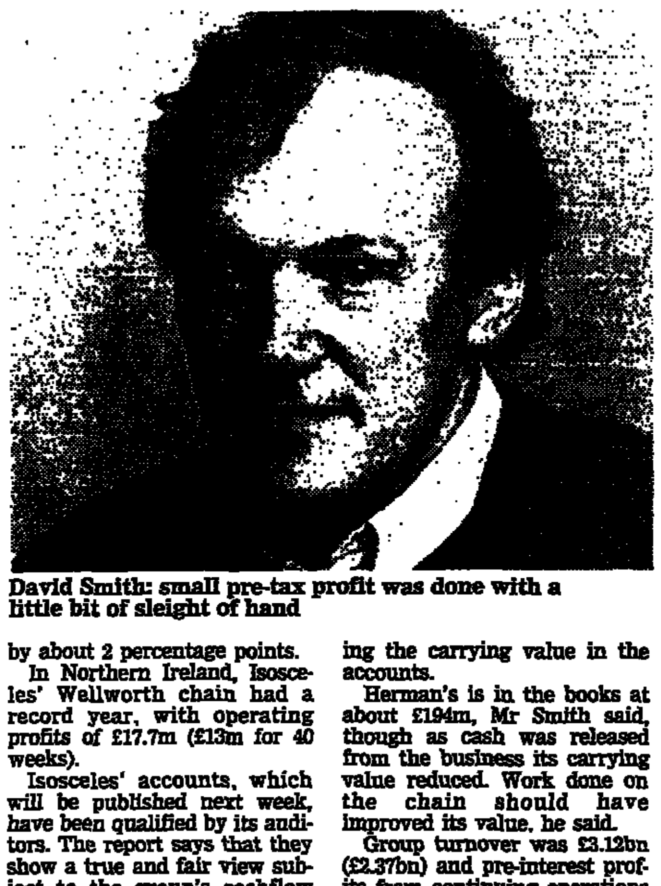
ISOSCELES, the buy-out vehicle for the Gateway food retail business, achieved a small pre-tax profit for its year to April 27 and cut attributable losses from £38.5m to £21.2m.

The group, which paid over £2bn for Gateway in mid-1989 in a highly-leveraged bid, made a pre-tax profit of £3.6m (loss of £33.2m) after interest charges of £155.7m (£147m). The figures are not comparable as the previous year included only 40 weeks of Gateway.

Mr David Smith, chief executive, said of the profit, "small it may be, but we are proud of it" even though it had been "done with a little bit of sleight of hand". The group accounts for Herman's Sporting Goods, its loss-making US chain, as an "investment held for disposal" and its losses are taken below-the-line.

Mr Smith said Isosceles would make further progress in the current year, and the aim was to provide the buy-outs backers with an eventual exit, perhaps through a stock market float or a sale of the business.

The Gateway chain made an operating profit of £171.6m (£100.8m in 40 weeks) and increased its margins from 4.53 per cent to 5.91 per cent. Real sales volumes had fallen as the chain aimed for higher margins rather than sales, and gross margins were increased by about 2 percentage points.



David Smith: small pre-tax profit was done with a little bit of sleight of hand

In Northern Ireland, Isosceles' Wellworth chain had a record year, with operating profits of £17.7m (£13m for 40 weeks).

Isosceles' accounts, which will be published next week, have been qualified by its auditors. The report says that they show a true and fair view subject to the group's cashflow from Herman's and the eventual disposal proceeds supporting the carrying value in the accounts.

Herman's is in the books at about £194m, Mr Smith said, though as cash was released from the business its carrying value reduced. Work done on the chain should have improved its value, he said.

Group turnover was £3.12bn (£2.37bn) and pre-interest profits from continuing operations were £189.3m (£113.8m). Below the line, losses of £24.8m (£5.3m) were made by businesses to be sold, which includes a loss of £1.7m (profit £5.1m) at Herman's, a carrying cost on Herman's of £17.9m (£10.4m net of exchange gains) and £5.2m (nil) written off the group's property business. After providing for preference dividends the loss was £35.8m (£44.6m).

At the year end Isosceles' debt totalled £1.29bn (£1.54bn). The reduction over the year largely came from a refinancing deal completed in January which raised £135m of new equity and converted £87m of mezzanine debt into equity.

The maturity of the debt had been shifted later, and only £63m was payable within two years. Mr Smith said the next large capital repayment was for £100m due in mid-1993. He said Isosceles would have "no difficulty" in meeting that repayment.

The group had a fixed interest rate of 12.18 per cent on £550m of debt until August 1992. As interest rates had fallen, this was no longer working to Isosceles' advantage, Mr Smith said. Isosceles had arranged further interest rate caps for £760m of its debt until August and September of 1994, at rates of 11 and 11¼ per cent, which he said was an insurance policy.

See Lex

Hanson board is housewives' choice

By David Owen

HANSON'S QUEST to flesh out its board by appointing a trio or quartet of new non-executive directors is attracting some unusual aspirants.

"Everything from university students to housewives" have submitted applications, according to Lord Hanson, chairman. "We have written back to them," he said, not disclosing whether any have been short-listed.

Hanson has come under fire for its corporate governance since buying a 2.8 per cent stake in Imperial Chemical Industries two months ago.

Since the recent resignation from the board of Mr Rudolph Agnew, the former Consolidated Gold Fields chairman, the group has just two non-executives: Mr Charles Price, the former US ambassador to Britain, and Mr Christopher Harding, chairman of British Nuclear Fuels.

This is unusual for such a large public company, although BTR - another UK conglomerate with which Hanson is frequently compared - has no non-executive directors who were not previously executives of the company.

Hanson is now working from a list of fewer than 20 names, having started with as many as 80. The selection process is being handled by a committee comprising Sir Gordon Booth, a group adviser, and the two non-executives.

A final choice - which is likely to include at least one American - is expected to be made by the group's financial year-end in September. By sticking to a pre-ordained timetable, it hopes to avoid the impression that it is reacting to the criticism of its modus operandi that has followed its purchase of ICI shares.

According to Lord Hanson, the company is trying to find "new names who can bring something to the party".

He added: "From my point of view, they need to avoid the old friends' act. We would want people prepared to make up their minds pretty quickly and who would be well-informed of what was going on."

He raised the prospect that the appointees might feature in the group's succession plans. "We are trying to get some younger people; there is always a question of continuity in this company."

Most of Asil Nadir's personal holdings being sold to cut debt

By David Barchard

MOST OF THE privately-owned business operations of Mr Asil Nadir, the chairman of Polly Peck International, have been placed on the market by his personal creditors.

A brief notice in yesterday's Financial Times announced that shares in Mr Nadir's newspaper and magazine businesses in Istanbul, along with Noble Airlines, and AN Graphics, Mr Nadir's printing company, were to be sold.

It is understood that they have been kept as security against his personal debts since early in this year. In March, Mr Nadir's creditors agreed to drop a bankruptcy petition, but it is believed that he has not been able to keep up with the schedule of repayments.

Mr Nadir owes about £50m to four security houses – BZW, Shearson Lehman, Carr Kitcat & Aitken, and Merrill Lynch – for Polly Peck shares bought during the final weeks before the electronics and fruit conglomerate fell into administration.

He also has undisclosed personal debts to several international banks believed to include Indo-Suez of France, UBS and Credit du Nord.

Yesterday Lehman, which is acting as spokesman for the other creditors, declined to give details of the sale.

Mr Nadir was said to be conferring with his lawyers and was not available for comment.

His aides expressed considerable surprise when told that the shares had been placed on the market.

In Istanbul, news of the proposed sale aroused considerable puzzlement. Though several national newspapers and a leading Turkish weekly magazine are included in the sale, there was scepticism that buyers could be found easily.

"There could be many practical and legal problems along the way. I would be interested to see what sort of prospectus is being offered," said one foreign consultant in Istanbul.

Most of the newspapers are heavily in the red and there have been strikes by employees, complaining that they have not been paid for weeks. The fixed assets of the papers are not likely to fetch a high price. The printing plant is old-fashioned by Turkish standards.

The ownership of the magazines is shrouded in confusion. Two weeks ago it emerged that Gelişim Yayinlari, the magazine group, had been transferred to the Eliyeşil Group, a Turkish family group regarded as friendly to Mr Nadir and with powerful political connections.

Noble Airlines, owned by Mr Nadir and his sister Mrs Bilge Nevzat, continues to fly between London, Istanbul, and the Turkish sector of Cyprus several times a week, but is also thought to have severe financial problems.

Asil Nadir: aides expressed considerable surprise

Even the size of stakes now for sale were questioned by other Turkish newspapers who pointed out that Turkish companies do not usually have billions of shares. Lehman would not disclose what percentage of the total issued shares of each company was being sold.

Last winter the Harsant group of France, publisher of Le Figaro, was believed to be interested in buying the newspapers but no other purchasers have yet emerged.

500 jobs to be axed in Pru restructuring

By Richard Lapper

OVER 500 administrative jobs are to go at the Prudential Corporation, as part of a restructuring exercise designed to reduce expenses and improve efficiency of general insurance operations.

The group intends to rationalise its claims handling offices, replacing its current network of 22 offices with five regional centres at Cardiff, Chester, Glasgow, Nottingham and London. The offices handle home and motor insurance business generated by Pru's direct sales force.

Prudential's general insurance business recorded underwriting losses of £185m in 1990 contributing to a decline in profits to £243.8m. The results were described at the time by chief executive Mr Mick Newmarch as "wholly unacceptable."

The Pru's general insurance business is regarded as highly inefficient. Expenses average around 40 per cent of premium income, about ten points above the industry average, according to analysts.

Meanwhile, in a difficult trading environment, the group's life insurance operations generated a marginal increase in new business in the first six months of 1991.

Figures announced yesterday show that worldwide new annual premiums increased by 2 per cent to £315m (£308.1m), while single premiums rose by 27 per cent to £1.84bn (£1.45bn).

In the UK annual premium income was depressed by the recession. Annual premiums declined by 6 per cent to £163.1m (£174m), although growth in income from single premiums compensated, rising 20 per cent to £682.7m (£570.5m).

Corporate pension sales of annual premium business increased by 44 per cent to £18.6m (£12.9m), helped by sales of additional voluntary contributions.

See Lex

Beazer Asia shares suspended

By Angus Foster in Hong Kong and Andrew Taylor in London

SHARES OF Beazer, the UK construction, building materials and property group, fell 9p to 80p in London yesterday after trading in the shares of its 50.1 per cent-owned subsidiary, Beazer Asia, was suspended in Hong Kong.

Beazer is attempting to reschedule debts of £1bn and has proposed to raise up to £500m by floating off its UK based housebuilding, construction and property business.

The group would retain its large US building materials operations.

Shares of Beazer Asia were suspended after they had fallen 90 cents in early trading to HK$7.60. The company said the sharp fall occured after it had warned some analysts that their profit forecasts for the company were "excessively optimistic".

A spokesman for Baring Brothers, financial adviser to the company, described the suspension as "a storm in a tea cup" and said the shares would resume trading on Monday.

The company's shares are tightly held and thinly traded in Hong Kong and sudden selling pressure could lead to sharp price movements.

There have also been reports that Beazer Asia was overdue on the completion of a construction contract in Hong Kong. The delay is thought to have affected the profitability of the contract.

In a statement issued in London Mr Brian Beazer, the group's chairman and chief executive, said in the year to end-June 1990 Beazer Asia had contributed less than 5 per cent of group net profits.

He said: "The board of Beazer plc has been kept fully informed of Beazer Asia's current trading and has no reason to adjust its expectations of the group's result for the year ended June 30 1991."

Beazer Asia said its results for the year to June 30 would be announced in September and added that it was trading normally.

See Lex

Sugar sacks Tottenham chief

Mr Alan Sugar, new chairman of Tottenham Hotspur and leading light in a bid for the football company, has sacked the managing director Mr Ian Gray, writes Jane Fuller.

Mr Gray, said he returned from holiday on July 5 to find a message to phone Mr Sugar. He did so and was told his services were no longer required. "It was a compete shock."

He had two years of a three-year contract to run. His pay was £55,000 a year, plus bonuses and benefits. He is seeking the full amounts that he would have received had he stayed until 1993.

The Sugar axe has also fallen on Lowe Bell Financial, the public relations company that only recently replaced Trevor Bass Associates as Tottenham's representative.

Mr Sugar and Mr Terry Venables, formerly Tottenham's team manager and now chief executive, have 36 per cent of the equity. The closing date in their bid for the rest is Wednesday. They have urged shareholders not to accept so that cash is kept free for a rights issue.

Brown Shipley chief resigns

Mr John Van Kuffeler, has resigned as chief executive of Brown Shipley Holdings, the small merchant bank. His decision was announced at the group's annual general meeting yesterday, writes David Barchard.

Mr Van Kuffeler had been with the bank for eight years. His departure follows a sharp downturn in the bank's results from pre-tax profits of £7.5m to a loss of £3.34m in the year to March 31.

Lord Farnham, chairman of Brown Shipley, is to act as chief executive until a new appointment is made.

Lord Farnham declined to comment on reports that Mr Van Kuffeler had departed because the bank's Luxembourg and Italian shareholders, the Credit Bank of Luxembourg and Mr Giorgio Rossi of Italy, were dissatisfied at its recent performance beyond saying that the bank's shareholders were very forthright.

£18m debt led Hughes Food into receivership

By Chris Tighe

IT WAS disclosed yesterday that an £18m debt led to Hull-based Hughes Food Group being placed in receivership on Thursday.

The USM-quoted food supply and services group was placed in the hands of Coopers and Lybrand Deloitte following discussions between the group's directors and a syndicate of lenders, comprising UK and overseas banks and led by Samuel Montagu.

Since Mr Henry Roberts, formerly a senior executive with Grand Metropolitan, was appointed chairman and chief executive of Hughes last October, the group has made a number of disposals of non-core businesses acquired during the swift expansion which followed its arrival on the USM in July 1986.

But an attempted restructuring involving a debt to equity conversion proved unsuccessful and when dealings in the group's shares were suspended on Wednesday they stood at 4p. They were originally placed at 20p and peaked at 157p in 1987.

Yesterday, Mr Mike Moore, one of the two joint administrative receivers, said 17 of the 22 companies which comprise the group were not subject to insolvency proceedings. He hoped to sell them as profitable going concerns. "Essentially we have here a good company trading at a profit but which is having to service a debt burden created by previous management problems," he said.

Bimec £13.4m water purchases

Bimec Industries is spending £13.4m on two acquisitions to accelerate the development of its water and waste treatment division, writes David Owen.

The dual purchase is being partly funded by a 2-for-7 rights issue underwritten by Kleinwort Benson Securities at 47p to raise a net £10.5m.

The companies to be acquired are Dewey Waters, a Bristol-based maker of water storage vessels and Three Star, a Sheffield engineering company.

The consideration for Dewey Waters is £11m. The initial payment is in the form of 1.73m new shares, £4.65m in cash and £4.35m in guaranteed loan notes.

The £2.4m price tag for Three Star is being satisfied with £655,494 of cash, £1.22m of notes and £529,000 of shares.

Former Ritz Design directors to repay £0.65m

By Jane Fuller

THE AMOUNT of unauthorised personal spending by two directors of Ritz Design, supplier of blouses and underwear to Marks and Spencer, has been put at £650,000, more than twice the original estimate.

Ritz said Mr Michael Bancroft, the former chairman, was responsible for most of the unauthorised spending, which went back three years but had accelerated last year. The rest was incurred by Mr Tony Cartwright, finance director.

Both men, who were Ritz's only executive directors, resigned on July 1. Since then Touche Ross, the auditors, have concluded an investigation and determined that the amount owing was £650,000. Mr Bancroft, holder of a little more than 20 per cent of the shares, and Mr Cartwright, also a shareholder, have agreed to repay the money.

The share price has shed more than 20p since the disclosure. Yesterday it rallied from 141p to 152p on the news that the board had received approaches from other companies over a possible merger.

Kingsgrange management steps up its cash offer

THE management of Kingsgrange has purchased a further 745,000 ordinary shares of the company and has raised its original cash offer for the Marks and Spencer toiletries supplier from 28p to 31p per share.

The increased offer values Kingsgrange at £9.6m.

Valid cover in accordance with the City code has not yet been received for the 745,000 shares.

However, on receipt of such cover Matahari 374, acting for the management buyout team, will either own or have valid acceptances in respect of 15.51m Kingsgrange shares (50.25 per cent).

Last month Kingsgrange unveiled plans to go private through an £8.6m buyout. However, Dewhirst Group, which also supplies M and S with toiletries as well as textiles, stepped in with a higher offer which was recommended by the independent directors and advisers of Kingsgrange.

Dewhirst said yesterday that it had noted that the revised offer by Matahari 374 had been declared unconditional as to acceptances. It added that its offer would remain for acceptance until August 3.

NEWS DIGEST

Thorn EMI chief warns on outlook

MR COLIN Southgate, chairman and chief executive of Thorn EMI, fears that the outlook in certain of the markets in which the company operates may be worse than when the annual results were announced at the end of May.

He told the annual meeting of the music, rental, lighting and technology group, that none of the businesses saw any improvement and any gains in the present year would be hard won. However the longer-term prospects were encouraging, he added.

The shares closed at 720p, a fall of 11p on the day.

During the last year to March 31 capital expenditure had been kept at the previous year's level of £500m. "Although times are difficult we have no intention of starving our businesses of the resources necessary."

New business growth for Britannic Assur

Britannic Assurance, the Birmingham-based life insurer, registered an increase in new business for the first half of 1991.

A fall in income from new annual premiums was compensated for by strong growth in single premium business, boosted by good sales of a new single premium contract launched in April.

The industrial branch also performed strongly with annual premiums increasing from £10.85m to £11.93m.

Overall, new annual premiums amounted to £23m, (£23.1m) Single premiums were £29.8m (£19.9m).

According to Mr Simon Willis, of County NatWest, the results showed the "strength of traditional industrial branch operations at a time when the industry as a whole was finding things difficult."

Property side leaves Gibbs Mew lower

A downturn into losses at Bridger Properties left pre-tax profits at Gibbs Mew 56 per cent lower at £673,000 for the year to the end of March, compared with £1.52m. A substantially reduced loss is expected in the present year as rental income improves.

However the shares of this USM-quoted brewer and property developer fell 9p to 163p.

The core activities of brewing, wholesaling, public house management and retailing reported increased turnover, improved margins and held operating expenses.

Group turnover was lower at £17.4m (£17.6m) mainly as a result of a fall at Bridger. Brewing and related activities were 5.5 per cent higher.

Earnings per share were 10.97p (22.96p) on a net basis or 13.62p (22.96p) on a nil basis. A proposed same-again final dividend of 3.75p makes a maintained total of 6.75p.

SW Wood £55,000 back in the black

SW Wood, the London-based group in the midst of a rationalisation programme, returned profits of £55,000 pre-tax for the year to March 31 compared with previous losses of £2m.

The sale of two properties together with interest income and a small profit from the continuing metal businesses in Scotland and Cardiff were behind the move into profit.

There were extraordinary gains of £367,000 (£777,000 debit). Earnings per share amounted to 0.7p (losses 19.3p) and a same-again nominal dividend of 0.1p is being paid.

Setback for Plateau Mining

Plateau Mining, a precious metals exploration company, returned profits of £53,000 pre-tax for the half year ended March 31.

Tha figure, which compared with £97,000 a year earlier, was struck after adding in interest income of £213,000 (£165,000) and deducting administrative expenses of £117,000 (£68,000) and mineral cost write-offs of £43,000 (nil).

Goring Kerr moves ahead to £1.48m

In the half year to March 31, Goring Kerr, maker of control systems, labelling and bottling machinery, lifted pre-tax profits from £1.42m to £1.48m.

Turnover rose to £7.68m (£7.24m) boosted by European legislation covering food control. Earnings were 12.83p (11.55p) and the interim dividend is held at 5p.

Goring is 51 per cent-owned by Tace, the environmental monitoring equipment company which is the subject of a recommended £24.9m bid from Massachusetts-based Thermo Electron. Goring said its business had been adversely affected by the uncertainties surrounding Tace.

Sterling Trust dives to £1.56m

Sterling Trust, the USM-quoted company formerly known as Dewey Warren Holdings, suffered a £2.59m profits fall to £1.56m pre-tax for the half year ended June 30.

Turnover fell by £2.69m to £9.26m.

The company's main activity is second mortgage lending and during the half year general and specific provisions totalled £590,000 (£133,000).

Earnings worked through at 5p (5.1p) per share. An interim dividend of 2p is being paid.

The directors are seeking ways of diversifying in order that future profits are not reliant on second mortgage lending. The shares rose 4p to 50p.

£41m disposal by Slough Estates

Slough Estates has sold a portfolio of five industrial estates to an undisclosed buyer for £41m.

The estates which account for about 3 per cent of Slough's UK investments by value, comprise 850,000 sq ft of industrial and warehouse space let to over 100 tenants. They produce an annual income of about £3.67m.

Selective Assets little changed

Net asset value per share of Selective Assets Trust amounted to 138.8p at June 30 compared with 135.8p 12 months earlier.

After-tax revenue for the half year to June was little changed at £164,000 (£169,000). Earnings totalled 0.57p (0.58p).

Grosvenor Dev assets improve

Fully diluted net asset value per share of Grosvenor Development Capital stood at 125.2p at May 31 compared with 122.7p 6 months earlier.

After-tax profits for the half year to May 31 amounted to £97,000 (£38,000), equal to undiluted earnings of 1.2p (0.47p). Diluted earnings worked through at 2.57p (1.23p).

Castle Cairn net asset value 44.5p

Net revenue of Castle Cairn Investment Trust was £62,331 for the six months to June 30, which amounted to 0.52p per share. Net asset value at end-June was 44.5p, against 37.9p six months earlier.

The company came to the market in May 1990, and for the two months to June 1990 net revenue £21,908, for earnings of 0.18p. The figures are a pro rata reflection of the figures for the period to December 1990.

As stated in the placing document there will be no interim dividend. A final dividend for 1991 is expected to be paid in April 1992.

County Smaller subscription offer

County Smaller Companies Investment Trust has received applications for 16.4m ordinary shares (with 3.28m warrants attached) at 100p under its offer for subscription. The total aggregate value is £16.4m.

All applications will be met in full and the initial net asset value per share following the offer will be 96p.

When the issue was launched last month the trust said it hoped to raise between £25m and £35m.

Tribune Investment net asset value up

Tribune Investment Trust had a net asset value per share of 279.2p at June 30 compared with 278.6p a year earlier.

Net revenue for the half year fell by £400,000 to £1.58m for earnings per share of 3.09p (3.87p). The interim dividend is held at 1.7p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black Arrow	fin	1.6	Oct 1	3.2	2.1	4.2
Gibbs Mew §	fin	3.75	Oct 1	3.75	6.75	6.75
Goring Kerr	int	5	Sept 12	5	-	15
Sterling Trust §	int	2	Aug 28	4	-	10☆
Tribune Inv Tst	int	1.7	Aug 23	1.7	-	5.9
Wood (SW)	fin	0.1	Oct 1	0.1	0.1	0.1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Including 6p special.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§100	F.P.	–	107	101	Abtrust Preferred Inc. Tst.	102		M12.32	–	16.1	–
§102	F.P.	–	108¼	104	Do. Zero Div. Prf.	108¼		–	–	–	–
–	F.P.	–	41	10	Aegis Warrants 5p	39		–	–	–	–
‡	F.P.	–	185	185	Brockhampton 10p	185		–	–	–	–
‡	F.P.	–	33	33	Do. A Warrants 10p	33		–	–	–	–
‡	F.P.	–	155	140	Do. Non/Vtg. A 10p	155		–	–	–	–
	F.P.	–	106	105	Capital Ventures 1p	105		–	–	–	–
225	F.P.	–	237	225	Eurocamp 5p	237	+2	R8.5	2.5	4.8	11.4
–	F.P.	–	518	505	Fleming Emrg. Mkts.	505		–	–	–	–
–	F.P.	–	½	¼	Gaelic Res. Wrrnts.	½		–	–	–	–
Ir230	F.P.	–	245	205	Greencore IrE1	210	+3	u06%	5.9	1.9	8.9
385	F.P.	–	335	272	Manchester United 10p	285	+1	–	–	–	–
125	F.P.	–	127	89	Mirror Grp. Newspapers	93	+1	R6.55	1.7	9.4	8.4
100	F.P.	–	113	100	Moorgate Smaller Co's.	105		M4.13	–	5.2	–
35	F.P.	–	39	36	Do. Warrants	36		–	–	–	–
240	100	–	124½	109	Scot. Hydro-Elect. 50p	113	+2	R9.13	1.9	4.8	13.5
240	100	–	119½	101	Scottish Power 50p	104	+1	L9.2	g2.1	5.0	10.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106½p	
100	F.P.	-	110¼	98¼	Burmah Cap (Jersey) 9½pc Cov Bds 2006	105	+1¾
100	F.P.	-	101½	96½	EC Finance 8¼pc Gtd. Exch. Bds. 2006	101½	
Ir110p	Nil	-	25p	18p	Fyffes 8.25p (Net) Cnv Cm Prf IrE1	25p	+3½
100p	F.P.	-	104½p	97¼p	Queens Moat Houses 7½pc Cv Rd Pf	98p	+½
100	F.P.	-	103⅝	96½	RMC Capital 8¾pc Cnv. Bds. 2006	99¼	-¼
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	98	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
83	Nil	–	9½pm	8pm	Amber Day 2½p	9½pm	
140	Nil	–	15pm	14pm	British Fittings 20p	15pm	
Ir25p	Nil	–	¼pm	¼pm	‡Bula Resources Ir25p	¼pm	
2½	Nil	–	2pm	½pm	Caverdale 1p	¾pm	
88	Nil	–	4pm	2pm	Countryside Props.	2pm	-1
31	Nil	–	2½pm	1½pm	Ex-Lands 10p	1½pm	
50	Nil	–	23pm	1¼pm	Gardner (D.C.) 5p	1½pm	
312	Nil	–	64pm	39pm	Sainsbury (J)	57pm	
22	Nil	–	¼pm	¼pm	Tie Rack 5p	¼pm	

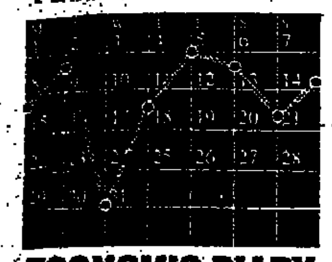
a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings — July 22
- Last Dealings — Aug. 2
- Last Declarations — Oct. 24
- For settlement — Nov. 4

For rate indications see end of London Share Service

Calls in GRE, HTV and Rosehaugh. Put in Barratt Devs. Put and call in P & P.



ECONOMIC DIARY

TODAY: Annual general assembly of the Malaysian Chinese Association in Kuala Lumpur. Ministers from Mercosur, the nascent South American common market, attend mini economic summit in Montevideo. Mr Paddy Ashdown, Liberal Democrat leader, gives environmental speech at Economics for Earth Conference at Westminster Cathedral conference centre in London.

TOMORROW: A UK Department of Employment mission leaves for Soviet Union. Autumn/Winter haute couture fashion shows commence in Paris (until July 25).

MONDAY: Confederation of British Industry/Finananancial Times survey of distributive trades (June). Retail sales (June-provisional). Balance of payments current account and overseas trade figures (June). US monthly budget statement. Start of two-day meeting of the general affairs council of the European Community. General Colin Powell, US chief of staff, begins six-day visit to Soviet Union.

TUESDAY: UN disarmament conference resumes in Geneva after three-week break, with Sweden expected to propose total nuclear test ban. English Tourist Board publishes annual report. Mr Hosni Mubarak, president of Egypt, on state visit to the United Kingdom (until Friday).

WEDNESDAY: Building societies monthly figures (June). Index of production and construction (first quarter). New construction orders (May-provisional). US durable goods (June). European Community and Hungary resume talks in Brussels on proposed association agreement (until July 26). South African government holds follow-up meeting with the African National Congress and Inkatha on how to end township violence. British Chambers of Commerce quarterly economic survey. British Coal publishes report and accounts.

THURSDAY: Quarterly house purchase finance statistics (second quarter). Energy trends (May). US import and export prices (June). European Community budget council meets in Brussels. Plenum of Soviet Communist Party central committee opens in Moscow.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday July 19 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max)	Gross Div Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Jul 18 Index No.	Wed Jul 17 Index No.	Tue Jul 16 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (184)	813.65	-0.2	10.65	5.93	11.58	22.20	815.11	815.81	815.48	890.26	890.04	15/3	675.31	16/1	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (24)	1034.93	.....	9.38	6.02	13.50	30.76	1035.04	1036.66	1036.38	1128.68	1167.75	14/3	911.64	16/1	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (31)	1141.04	-0.5	9.65	6.84	13.68	31.97	1146.57	1145.63	1144.99	1444.49	1438.66	15/3	1051.83	23/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals (10)	2372.96	-0.6	10.82	5.64	11.76	61.85	2387.22	2370.30	2335.81	2449.58	2495.28	3/4	1837.98	22/1	3040.80 8/9/89	84.71 25/6/62
5 Electronics (25)	1675.36	-1.3	9.02	5.36	14.75	46.44	1696.71	1705.89	1710.21	1853.83	1958.19	15/3	1478.08	16/1	2308.22 19/5/89	1229.01 8/10/85
6 Engineering-Aerospace (8)	414.17	+0.4	16.53	6.06	7.27	12.11	412.43	407.82	407.45	475.16	469.23	9/4	380.48	16/1	502.42 13/6/90	380.48 16/1/91
7 Engineering-General (46)	442.71	+0.5	12.45	5.69	9.83	11.82	440.47	442.03	439.31	489.86	468.00	5/4	339.57	23/1	505.10 15/6/90	339.57 23/1/91
8 Metals and Metal Forming (8)	442.08	+0.9	15.96	7.99	7.70	16.70	438.27	438.80	431.02	496.50	509.18	3/4	381.44	16/1	596.67 9/10/87	49.65 6/1/75
9 Motors (12)	316.10	-1.0	12.50	7.65	9.43	9.98	319.45	318.49	314.76	355.55	360.54	14/3	266.43	16/1	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (20)	1555.20	-0.1	8.97	5.17	13.11	34.85	1556.79	1561.03	1574.93	1612.02	1589.92	4/4	1147.76	16/1	1881.53 18/8/89	277.55 15/1/81
21 CONSUMER GROUP (187)	1490.97	...	7.82	3.65	15.77	24.21	1491.38	1502.18	1500.99	1329.25	1502.18	17/7	1188.45	16/1	1502.18 17/7/91	61.41 13/12/74
22 Brewers and Distillers (22)	1812.41	-0.6	8.49	3.66	14.36	27.57	1824.14	1838.48	1832.13	1650.55	1849.73	11/6	1478.24	25/1	1849.73 11/6/91	69.47 13/12/74
25 Food Manufacturing (19)	1172.70	+0.2	9.79	4.22	12.61	24.43	1170.20	1177.52	1185.41	1111.79	1210.94	5/4	1013.60	16/1	1220.42 4/9/89	59.67 11/12/74
26 Food Retailing (17)	2734.52	-0.2	7.88	3.07	16.60	39.61	2738.66	2761.29	2729.20	2608.92	2854.91	2/5	2259.53	2/1	2854.91 2/5/91	54.25 11/12/74
27 Health and Household (22)	3641.49	+0.5	5.23	2.36	21.86	30.86	3624.89	3661.52	3670.74	2623.70	3670.74	16/7	2454.93	16/1	3670.74 16/7/91	175.38 28/5/80
29 Hotels and Leisure (23)	1219.27	-0.4	10.43	5.69	11.45	30.99	1224.12	1238.18	1236.96	1461.42	1399.64	14/3	1066.91	25/1	1845.77 8/9/89	54.63 9/1/75
30 Media (26)	1403.88	+0.1	8.46	5.01	15.30	36.17	1402.20	1409.26	1407.65	0.00	1521.09	17/4	1166.91	16/1	1521.09 17/4/91	1166.91 16/1/91
31 Packaging, Paper & Printing (17)	725.66	+0.1	7.75	4.55	15.57	14.33	724.76	721.07	717.11	617.57	725.66	19/7	486.96	16/1	739.48 16/7/87	43.46 6/1/75
34 Stores (32)	929.81	-0.2	8.33	3.93	15.67	17.06	931.95	936.23	936.67	827.73	936.67	16/7	766.89	29/1	1160.58 29/7/87	52.63 6/1/75
35 Textiles (9)	558.83	+0.7	8.97	5.55	13.84	13.79	554.72	551.11	550.20	493.46	563.46	3/4	396.58	28/1	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (109)	1232.88	+0.1	10.16	5.20	12.14	23.73	1231.78	1234.67	1235.48	1198.08	1244.60	11/6	961.05	16/1	1244.60 11/6/91	58.63 6/1/75
41 Business Services (12)	1277.73	+0.1	8.97	5.10	13.61	29.13	1276.53	1280.82	1283.72	0.00	1283.72	16/7	892.28	1/2	1283.72 16/7/91	892.28 1/2/91
42 Chemicals (21)	1397.28	-0.4	8.07	5.16	14.00	32.92	1402.32	1407.37	1406.81	1296.45	1407.37	17/7	1004.01	16/1	1545.46 5/10/87	71.20 1/12/74
43 Conglomerates (10)	1443.95	+0.8	10.56	7.19	11.44	31.93	1432.68	1436.22	1434.07	1666.78	1626.42	14/3	1217.37	16/1	1819.46 11/8/89	975.19 10/11/87
44 Transport (13)	2164.09	+0.3	8.74	4.92	14.19	48.98	2157.35	2167.15	2170.85	2358.96	2250.74	9/5	1730.87	23/1	2554.69 12/7/89	90.80 29/6/62
45 Electricity (16)	1215.70	+1.1	14.21	5.34	8.99	18.41	1202.56	1198.96	1202.74	0.00	1250.49	5/6	994.96	7/1	1250.49 5/6/91	994.96 7/1/91
46 Telephone Networks (4)	1445.97	-1.1	10.26	4.21	12.76	5.58	1462.59	1466.55	1467.36	1229.35	1497.25	14/6	1085.95	16/1	1497.25 14/6/91	517.92 30/11/84
47 Water (10)	2432.87	+2.6	16.83	6.33	6.58	118.37	2371.93	2332.42	2308.94	1911.97	2536.12	15/4	2134.83	16/1	2536.12 15/4/91	1820.20 1/5/90
48 Miscellaneous (23)	1986.61	.....	6.09	4.86	21.30	47.89	1985.47	2010.02	2020.84	1819.63	2020.84	16/7	1506.17	16/1	2087.06 11/7/89	60.39 6/7/75
49 INDUSTRIAL GROUP (488)	1243.39	.....	9.12	4.59	13.52	24.03	1243.63	1249.14	1248.83	1190.64	1259.44	5/4	991.97	16/1	1273.71 5/9/89	59.01 13/12/74
51 Oil & Gas (20)	2482.18	-0.7	10.93	5.51	12.04	50.59	2500.72	2491.88	2469.92	2396.06	2500.72	18/7	2101.45	21/1	2528.70 3/8/90	87.23 29/5/62
59 500 SHARE INDEX (500)	1347.65	-0.1	9.35	4.71	13.31	26.28	1349.19	1353.75	1351.89	1291.41	1357.90	17/4	1092.04	16/1	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (94)	793.19	+0.1	-	5.96	-	20.81	792.58	799.20	795.54	812.70	859.94	15/3	667.36	16/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	915.22	.....	6.55	6.05	23.11	22.63	915.58	926.64	916.45	869.49	950.35	14/3	695.08	15/1	950.35 14/3/91	62.44 12/12/74
65 Insurance (Life) (7)	1487.91	+0.6	-	5.56	-	41.64	1478.66	1483.98	1490.43	1513.45	1612.93	15/3	1220.74	16/1	1612.93 15/3/91	44.88 2/1/75
66 Insurance (Composite) (6)	648.96	-0.2	-	6.75	-	20.23	650.46	659.35	663.67	690.43	728.27	15/3	572.52	16/1	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (8)	1180.96	+1.4	6.61	5.74	19.62	30.61	1164.36	1161.10	1151.01	951.04	1202.38	5/4	932.88	23/1	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (7)	423.35	-0.2	-	4.95	-	11.00	424.18	425.20	421.73	443.85	448.97	15/3	327.70	16/1	547.59 12/10/87	31.21 7/1/75
69 Property (37)	889.02	+0.1	6.29	5.17	22.83	19.84	888.00	891.66	886.26	1097.72	1087.65	15/3	881.23	3/7	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (20)	256.87	-0.6	11.16	7.02	11.21	7.80	258.43	257.89	258.01	292.38	298.63	15/3	236.37	16/1	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (70)	1210.04	+0.2	-	3.51	-	19.41	1207.29	1209.34	1211.79	1230.83	1224.41	18/6	947.19	16/1	1323.81 4/1/90	71.12 13/12/74
99 ALL-SHARE INDEX (664)	1213.66	-0.1	-	4.84	-	24.65	1214.62	1219.47	1217.40	1176.37	1232.32	5/4	987.46	16/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 18	Jul 17	Jul 16	Jul 15	Jul 12	Year ago	1991 High		1991 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2541.5	-5.8	2557.5	2541.3	2547.3	2561.0	2556.8	2532.5	2497.4	2400.1	2561.0	17/7	1990.2	28/9	2561.0 17/7/91	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Jul 19	Day's change %	Thu Jul 18	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (29)	120.82	+0.09	120.99	1.54	6.99
2 5-15 years (27)	131.77	-0.12	131.93	2.68	7.10
3 Over 15 years (9)	138.94	-0.45	139.58	2.75	6.44
4 Irredeemables (6)	152.70	+0.08	152.58	2.05	7.34
5 All stocks (71)	130.50	-0.08	130.71	2.29	7.13
Index-Linked					
6 Up to 5 years (1)	159.84	+0.02	159.81	0.63	2.72
7 Over 5 years (10)	145.48	+0.03	145.44	0.45	2.76
8 All stocks (11)	146.45	+0.03	146.42	0.46	2.76
9 Debs & Loans (56)	110.02	+0.32	109.67	2.64	5.33

AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 19	Thu Jul 18	Year ago (approx.)	1991 High		1991 Low	
British Government								
1 Low	5 years	9.04	9.07	10.75	10.14	16/1	8.93	11/6
2 Coupons	15 years	9.88	9.84	10.74	10.24	2/1	9.46	19/2
3 (0%-7¾%)	20 years	9.88	9.84	10.74	10.26	2/1	9.53	14/2
4 Medium	5 years	10.25	10.24	12.05	11.15	2/1	10.04	20/2
5 Coupons	15 years	10.09	10.03	11.23	10.62	2/1	9.84	14/2
6 (8%-10¾%)	20 years	10.02	9.96	10.89	10.50	2/1	9.78	14/2
7 High	5 years	10.43	10.42	12.14	11.25	2/1	10.20	19/2
8 Coupons	15 years	10.22	10.16	11.48	10.80	2/1	9.98	14/2
9 (11%-)	20 years	10.11	10.06	11.12	10.67	2/1	9.90	14/2
10 Irredeemables	†	10.04	10.04	10.79	10.48	31/12	9.83	14/2
Index-Linked								
11 Inflation rate 5%	Up to 5yrs	4.43	4.41	5.45	4.48	15/7	3.59	18/1
12 Inflation rate 5%	Over 5 yrs	4.34	4.34	4.36	4.39	15/7	4.09	18/2
13 Inflation rate 10%	Up to 5 yrs	3.45	3.41	4.27	3.60	9/7	2.13	21/2
14 Inflation rate 10%	Over 5 yrs	4.14	4.14	4.17	4.19	15/7	3.90	12/4
15 Debs &	5 years	11.90	11.91	13.82	12.63	9/1	11.84	2/4
16 Loans	15 years	11.67	11.70	12.78	12.38	18/1	11.61	4/3
17	25 years	11.46	11.49	12.51	12.16	18/1	11.40	1/3

‡Opening index 2556.9; 9 am 2553.2; 10 am 2550.3; 11 am 2551.8; Noon 2552.4; 1 pm 2551.5; 2 pm 2550.5; 2.30 pm 2550.7; 3 pm 2548.8; 4.10 pm 2541.7; (a) 8.47am (b) 4.23pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

NAME CHANGE: Greenall Whitley is now Greenalls Group (22).

LONDON TRADED OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allied Lyons (*557)	500	58	74	84	½	5½	10½
	550	11½	40	52	3½	19	25
	600	1	17½	28	42½	47½	50½
ASDA (*93)	80	13	13	16	½	2¼	3
	90	3½	6¾	9¾	1½	5¾	6¾
	100	½	3	6¼	7½	11½	12½
Brit. Airways (*169)	140	29	33½	36½	¼	1½	3½
	160	9	19	22½	1¼	6¼	8
	180	½	8½	11	11	15	18½
SmKl Beecham A (*828)	750	77	96½	115	½	6¼	12
	800	29	59½	81½	1¼	18	25½
	850	1½	32	53½	24½	40	46
Boots (*398)	360	37½	48½	54½	½	3	6
	390	8½	27	34	1½	10½	14½
	420	-	11	19½	-	26	30
B.P. (*347)	330	17¼	24½	31½	½	5½	10
	360	1½	10	15½	12½	19½	23½
	390	½	3	6¾	42½	44½	45½
British Steel (*124)	110	14	17	-	¼	1¼	-
	120	4¼	9½	12	½	3½	6¼
	130	½	4½	7½	6¼	8½	11
Bass (*927)	900	-	-	82½	-	-	32½
	929	8	47½	-	9½	30	-
	950	-	-	52½	-	-	55½
C & Wire (*564)	500	64	79½	92½	½	4	7¼
	550	14½	40	55½	1¼	16	22
	600	½	17	31½	35½	42½	49½
Courtaulds (*430)	390	40	53	62	½	4	8
	420	10½	32	42	1½	11½	17½
	460	-	12½	22½	-	31	34
Com. Union (*517)	460	58½	61½	74½	½	4½	6¼
	500	18½	32	47½	1	16	18½
	550	½	11½	23½	31½	44	47
Fisons (*507)	460	46½	61	73	½	5	8½
	500	8½	33	46	2¼	15½	21½
	550	½	11½	22½	44	44	45
GKN (*350)	330	22½	29	40½	1	9½	13½
	360	1¼	13½	24	9½	24	28½
	390	½	6	13½	37½	46½	48½
Grand Met. (*774)	750	27	56	72½	3	22½	32
	800	2	30	46	27	49	56
	850	½	13	28	76	86	92
I.C.I. (*1286)	1250	37½	81½	120	3¼	46½	51½
	1300	9	58½	93½	22½	71½	75½
	1350	1½	37	71½	66½	101	105
Kingfisher (*517)	460	57¼	67¼	82½	½	5	9½
	500	18½	38½	55½	2¼	15	19½
	550	½	14½	27½	32½	42½	46½
Ladbroke (*244)	240	5¼	18	23	1¾	12	15½
	260	1	9¼	16	17	23½	26½
Land Secur (*487)	460	27½	42½	50½	½	5	9½
	500	½	15½	27	12½	20	26
M & S (*267)	260	7¼	19¼	25	1¼	7	10
	280	½	9½	15	13½	16½	18½
Sainsbury (*372)	356	16	31	39	½	6	10
	386	½	12½	22	14½	20½	23½
Shell Trans. (*533)	500	33½	45½	57½	½	8½	12½
	550	1	16½	30½	17½	29½	33½
Storehouse (*108)	100	8½	13½	16½	1	2¾	5
	110	1¼	7½	10½	3½	7	9½
Trafalgar (*239)	220	2½	33½	38½	¼	8	13½
	240	4	20½	25	3½	15½	23
Utd. Biscuits (*375)	360	15	29	38	½	9	13½
	390	¼	12½	21	15	22	27

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Unilever (*747)	700	46½	69½	83½	¼	7½	12½
	750	4½	37½	52½	9½	23	30½
Ultramar (*258)	260	4½	14½	20	5	12½	14
	280	¼	6¼	12½	24½	25½	27½
Option		**Aug**	**Nov**	**Feb**	**Aug**	**Nov**	**Feb**
Brit Aero (*557)	550	22	35	52½	12	23½	29½
	600	5	14½	29½	46½	56	57½
BAA (*416)	390	35	47	-	2¼	6¼	-
	420	12½	26	35½	11½	19½	24
BAT Inds (*738)	700	49½	58	81½	5½	17	23
	750	16½	29½	54½	24½	38½	44
BTR (*403)	390	21	28	39½	5¼	14½	16½
	420	6½	14½	24½	20	29½	32
Brit. Telecom (*360)	360	7½	17	22	13	17	21
	390	½	6	11¼	39	40	43
Cadbury Sch (*364)	360	15	26	35	1¼	4¾	7½
	390	4	12½	22	27½	31	33
Eastern Elec. (*186)	180	11	18½	21½	4	7	10
	200	2¼	8	12	15½	16½	19½
Guinness (*981)	950	49½	74	101	9	23	29½
	1000	40	47½	72½	29½	44½	49½
GEC (*185)	180	9	15¼	17¼	2½	4	6
	200	1½	5¼	9¼	15	15¼	18
Hanson (*209)	200	12¼	20½	22	2½	5¼	10¼
	220	2¼	8¾	10¼	12½	14½	21½
LASMO (*360)	360	9½	24	34	14½	19½	24½
	390	2¼	12½	-	34½	40½	-
Lucas Inds (*139)	130	11½	15½	17½	2¼	6	8
	140	5½	9½	11½	5½	10½	12½
P. & O. (*555)	550	22½	32½	44½	13	29½	34½
	600	4½	13½	24½	46½	61½	66½
Pilkington (*152)	140	14½	21	23½	1¼	5	7¼
	160	4	10	14	10½	13½	17½
Prudential (*238)	220	20½	24½	31½	2	4¼	6¼
	240	9	13	20	7½	13	15
Racal (*225)	220	10½	21	28	6¼	12	14
	240	4½	12½	18	18	21½	24
R.T.Z. (*564)	550	28½	41½	58½	9½	21½	25½
	600	6¼	20	33½	36½	45½	47½
Scot. & New (*410)	390	19½	32	38½	7¼	13½	17½
	420	6	17½	24	24½	38½	34½
Tesco (*283)	280	12	20	27½	6¼	9½	11½
	300	3½	8½	16½	17	20	22
Thames Water (*377)	370	13	26	34	6	9½	12
	400	2¼	11	17½	25½	27½	29½
Option		**Jul**			**Jul**		
STC (*320)	280	-	-	-	¼	-	-
	300	-	-	-	¼	-	-
Option		**Sep**	**Dec**	**Mar**	**Sep**	**Dec**	**Mar**
Abbey Nat. (*292)	280	19	27½	34	5¼	9	12
	300	8	16¼	23¼	15½	18	20½
Amstrad (*49)	45	6¼	8½	10¼	2¼	3¾	5¼
	50	3½	6	8	4¼	6¼	7¼
Barclays (*467)	460	19½	34	44½	18	23	28
	500	6	16½	-	45	47½	-
Blue Circle (*250)	240	18½	26	34	7	10½	13½
	260	9	16½	23½	17½	21	23
British Gas (*269)	260	11	17	19½	8¼	11	13
	280	3	8	11	22½	22½	23½
Dixons (*215)	200	20½	27	33½	3¼	6	8
	220	8½	16	20½	10½	13½	15½

Option		CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
Eurotunnel (*456)	420	50	66	80	8½	15½	20½
	460	25	41½	56	24	31½	36½
Glaxo (*1274)	1250	69½	102	135	39	52	62½
	1300	43	77	106	63½	75½	80½
Hawker Sidd. (*556)	550	33½	45½	61½	20	27½	35½
	600	13	25½	39½	48½	56½	61½
Hillsdown (*220)	200	24½	30	35½	2	5½	7
	220	11½	18	23	9	13½	14½
Lonrho (*265)	260	11¼	20½	23½	10	14	21
	280	5¼	11½	-	24	26	-
Midland Bk (*194)	180	20½	26½	32	3¼	5¼	8½
	200	9½	16	21½	13	14½	18
National Power (*149)	140	10¼	13	15	5	7	9
	160	1½	4¾	6½	19½	20½	21½
Reuters (*774)	750	55	84	103	24	35	44½
	800	29½	56½	76½	49½	59½	66½
R. Royce (*154)	140	17½	19½	23½	2¼	4¼	6¼
	160	5½	9¼	13½	12	13	15½
Sears (*76)	70	8	10	12	1¼	3½	3¾
	80	2½	5	6¾	5¼	6¾	8
THF (*247)	240	16¼	20½	26½	5½	10	12½
	260	5½	11	16½	18	20	21½
Thorn EMI (*720)	700	43	60½	75½	14	22	25½
	750	18	36	48½	37½	42½	47½
TSB (*145)	140	6¼	11½	14	5	6¼	8¼
	160	1½	3½	6	18¼	19½	20½
Vaal Reefs (*576)	70	9¼	13¼	15	4¼	7¼	9¼
	80	5	9¼	11	9¾	12¼	14¼
Wellcome (*711)	700	46½	63½	83½	25½	35½	41½
	750	22½	40½	61½	51½	60½	65½
Option		**Sep**	**Dec**		**Sep**	**Dec**	
Scottish Power (*104)	100	9¼	13	-	1¼	3¼	-
	110	4	7¼	-	8	8	-

EURO FT-SE INDEX (*2542)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Jul	215	166	117	71	31½	8	2	1
Aug	229	182	139	96½	61½	34½	15½	6
Sep	246	-	158	-	87½	-	37½	-
Dec	295	-	217	-	151	-	94½	-
Mar	340	-	266	-	197	-	135	-
Jun	384	-	314	-	250	-	190	-
PUTS								
Jul	½	½	2	6½	17	42½	83½	130
Aug	4½	9	12½	22½	34½	57½	88½	126
Sep	9½	-	20½	-	47½	-	95½	-
Dec	23	-	40	-	70½	-	108	-
Mar	38	-	55	-	82	-	115	-
Jun	50	-	70	-	100	-	130	-

FT-SE INDEX (*2542)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jul	243	193	144	94½	49	18½	4½	1
Aug	257	210	164	121	82	49	26½	12½
Sep	273	227	184	144	108	76½	49½	31
Oct	285	243	201	163	126	97½	70½	49½
Dec †	316	-	237	-	166	-	106	-
Jan †	392	-	312	-	265	-	210	-
PUTS								
Jul	½	½	1½	3½	9½	26	66	115
Aug	3½	4½	9	16	28	47½	79	118
Sep	7	12½	17½	27½	41½	62	91	126
Oct	12½	20½	27	38½	53	72	98½	132
Dec †	22	-	41½	-	70½	-	111	-
Jan †	55	-	75	-	105	-	150	-

July 19 Total Contracts 18,757
Calls 14,229 Puts 4,528
FT-SE Index Calls 2,738 Puts 858
Euro FT-SE Calls 262 Puts 31
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 20.07.91 — Pool purchase price £/MWh	Final Prices for Trading on 22.05.91 — Pool purchase price £/MWh	Pool selling price £/MWh
0030	20.36	17.88	19.40
0100	20.36	17.84	19.37
0130	17.08	16.10	16.10
0200	17.08	17.84	19.36
0230	17.08	17.84	19.38
0300	17.08	17.84	19.38
0330	17.08	16.16	16.16
0400	17.08	16.10	16.10
0430	17.08	16.10	16.10
0500	17.08	16.10	16.10
0530	15.51	16.00	16.00
0600	15.60	15.99	15.99
0630	15.60	15.99	15.99
0700	17.42	15.99	15.99
0730	23.60	16.04	16.04
0800	23.60	16.29	16.29
0830	17.42	17.53	19.03
0900	19.00	18.00	19.51
0930	19.36	19.27	20.81
1000	20.27	19.33	20.87
1030	20.27	19.33	20.87
1100	20.27	24.95	26.64
1130	20.27	24.95	26.65
1200	19.38	24.95	26.62
1230	19.38	24.95	26.63
1300	19.38	19.33	20.88
1330	18.16	19.33	20.88
1400	17.83	18.93	20.48
1430	17.83	18.00	19.51
1500	17.83	18.00	19.51
1530	15.79	18.00	19.51
1600	15.79	18.00	19.51
1630	15.79	18.00	19.51
1700	17.83	18.00	19.51
1730	17.83	20.98	22.59
1800	17.83	20.98	22.59
1830	17.83	20.98	22.60
1900	17.83	18.00	19.51
1930	17.83	17.83	19.33
2000	17.83	17.83	19.33
2030	17.83	17.83	19.34
2100	15.79	17.83	19.34
2130	17.83	17.83	19.34
2200	17.83	17.83	19.34
2230	17.83	17.83	18.34
2300	17.42	17.83	19.34
2330	17.42	17.53	19.04
2400	15.79	17.53	19.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

This notice is issued in accordance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The London Stock Exchange for the admission of the existing 11,715,952 Ordinary Shares of 25p each and 11,715,952 new Ordinary Shares of 25p each in Scottish Value Trust plc to the Official List. It is expected that admission to the Official List will become effective and that dealings will commence (nil paid in the case of the new shares) on 25th July, 1991.

Scottish Value Trust plc

(registered in Scotland number 15905)

Introduction
and
Rights Issue

sponsored by Bell Lawrie White & Co. Limited

Authorised	Share Capital	*Issued and to be issued fully paid or credited as fully paid*
£7,500,000	in Ordinary Shares of 25p each	*£5,857,976*

Scottish Value Trust plc is an investment trust company whose main objective is to provide its shareholders with capital growth. It will invest principally in the shares of other listed investment trusts.

The Listing Particulars relating to Scottish Value Trust plc have been approved as required by the listing rules made under Section 142 of the Financial Services Act 1986 and are available in the Companies Fiche Service of The London Stock Exchange. Copies of the Listing Particulars may be obtained during normal business hours up to and including 23rd July, 1991 from the Company Announcements Office, The London Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD, and up to and including 2nd August, 1991 from:

Bell Lawrie White & Co. Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Scottish Value Trust plc
2 Canning Street Lane
Edinburgh EH3 8ER

The Royal Bank of Scotland plc
Registrar's Department
67 Lombard Street
London EC3P 3DL

20th July, 1991

LEGAL NOTICES

No. 007939 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
REALLY USEFUL HOLDINGS PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 15th July 1991 presented to Her Majesty's High Court of Justice for the confirmation of a reduction of the Share Premium Account of the above named Company by the sum of £8,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Mervyn Davies at Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 29th day of July 1991.

ANY Creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 20th day of July.

Nabarro Nathanson
50 Stratton Street
London W1X 5FL

Solicitors for the above named Company

No. 007802 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF THE ALBERT FISHER GROUP PLC
-and-
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 28th day of June 1991 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company by £100 million.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Mervyn Davies at the Royal Courts of Justice, Strand London WC2A 2LL on Monday the 29th day of July 1991.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED 17th July 1991

Ashurst Morris Crisp of Broadwalk House, 5 Appold Street, London EC2A 2HA,
Ref: AJH. Solicitors for the Company.

No. 006032 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BETACOM Plc
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated the 8th day of July 1991 confirming the reduction of the Share Premium Account of the above named Company was registered by the Registrar of Companies on 9th May 1991.

Dated this 16th July 1991

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: KO

Solicitors for the Company

PERSONAL

CLUBS

IBM warns of flat full-year result

By Karen Zagor in New York

INTERNATIONAL Business Machines, the international computer group, yesterday posted slim gains for the second quarter and warned that revenues are likely to be static for the full year.

The warning came in spite of expectations from the company yesterday that the pace of business would improve in the second half.

The figures were in line with with company's forecasts and Wall Street displayed its relief during the morning session. The shares, which have closed as low as $96¼ this week, *added $2¼ to $100¾ at mid-session.*

This improvement also reflected some short-covering and the expiration of options yesterday.

The shares reached $139⅝ earlier this year before the company sent alarm signals through Wall Street with a warning in March of disappointing first-quarter results.

Worldwide revenue for the second quarter dropped 10.7 per cent to $14.73bn from $16.5bn. Net earnings plunged 92 per cent to $114m or 20 cents a share from $1.4bn or $2.45 a year earlier.

Mr John Akers, chairman, said: "Our second-quarter business performance was affected by continued weakness in global economies, competitive pressures and transitions *within our product line. In* response to these pressures, we have accelerated our restructuring efforts and we expect to reduce our worldwide workforce by at least 17,000 employees *this year.*"

At a meeting for analysts, IBM said it had taken a second-quarter charge of about 19 cents a share to cover the accelerated pace of staff cuts.

The company also said it does not intend to cut its dividend.

During the 1991 second quarter, IBM's after-tax margin dropped to 0.8 per cent from 8.5 *per cent in 1990.*

In the 1991 first quarter, earnings were distorted by a special charge of $2.26bn, or $3.96 a share, related to the adoption of new accounting rules which require employees to account *for post retirement* benefits other than pensions.

Including the extraordinary charge, IBM recorded a net loss of $1.62bn or $2.83 in the first half against earnings of $2.45bn *or $4.26 a year earlier. World*wide revenue slid 7.8 per cent to $28.28bn from $30.68bn.

Analysts remain concerned about the outlook for IBM's overseas business, which *brought in about* 52 per cent of IBM's 1990 revenues and 77 per cent of its pre-tax earnings. The slowing economies in Europe and the rising dollar are all bearish for IBM. The *company said its third-quarter* revenues might exceed the second quarter.

Mr Jay Stevens, an analyst at Dean Witter Reynolds, said the decline in Europe had not *hit bottom yet.* "The question now is whether the traditional seasonal decline in revenue between the second and third quarter can be offset by the shipments of high-end mainframes."

Sales of mainframe computers generate more than 60 per cent of IBM's profits.

IBM is aggressively pursuing new growth opportunities in an attempt to fight Japanese *competition in crucial areas in* the electronics industry. In moves designed to help spread the huge costs of developing the most advanced technologies, the company recently *unveiled an unprecedented alli*ance with Apple Computer to collaborate on personal computer technology, only weeks after its announced a strategic agreement to sell computer *hardware to Wang Laborato*ries.

IBM has also signed an accord to make the world's most advanced memory chips in collaboration with Siemens *of Germany.*

Recession leads to doubled loss at Zenith

By Barbara Durr
in Chicago

ZENITH Electronics returned second-quarter losses of $26.9m or 92 cents a share, more than double its loss of $11.2m *or 42 cents for the* same period last year.

Sales of the company's main product lines, consumer electronic and electronic components for the computer and car industries, continued *to* be badly affected by the US recession. Second-quarter sales slumped to $275m, compared with $334m last year.

Cost reductions in the second quarter *of $13m* were unable to offset the sales drop.

For the first six months of 1991, Zenith's losses jumped to $50.6m or $1.77 a share, from $15.2m or 57 cents in 1990.

Mr Jerry Pearlman, chairman, said the results were in line with expectations that "the first half would be difficult".

But he was hopeful that better economic conditions during the second half would bring a rebound in consumer electronic sales and boost Zenith's results. The second half is usually stronger for consumer electronic sales.

The company continued to invest in its programme to develop high definition television and high-resolution computer monitors. Second-quarter expenses for the programme were $4m, up from $3m a year ago.

CSX lifted to $115m by investment gains

By Nikki Tait in New York

CSX, the largest of the US railway companies and a good indicator of business levels *generally, yesterday reported a* second-quarter profits improvement, to $115m after tax compared with $109m in the same period a year earlier, only due to a very sharp rise in non-operating income.

With net investment gains – which largely derived from the sale of a one-third interest in a Sea Land subsidiary that operates a container terminal in Hong Kong – excluded, profits would have fallen to $91m.

Like all the railroad companies, CSX – formed by the merger of the Chessie system with Seaboard Coast Line *Industries in 1980, and with* track covering some 20 states – has been hit by the downturn in the US economy, and it said yesterday that coal and merchandise traffic was below the year-ago *levels for the* same quarter.

Originated coal tonnage was down by about 11 per cent, as utility stocks were run down and the steel industry remained depressed.

Overall, the rail subsidiary's operating profits nudged down from $167m in the second quarter of 1990 to $156m.

Revenues on this side of the *business were down by 4 per* cent to $1.2bn.

Operating profits from American Commercial Lines, the barges and marine services unit also declined year-on-year, by $6m to $9m – *due to similar* weakness in the grain and coal markets.

But on the container-shipping side, there was an 11 per cent rise in operating income to $39m, with strong intra-Asian, intra-European, and US export business.

Operating profits overall stood at $206m, compared with $221m a year ago.

However, Mr John Snow, CSX's chairman, told analysts that the company was "still sticking by its net $4-a-share forecast for 1991 earnings".

Last year, it made $3.63 a *share, excluding a gain on the* sale of energy assets.

And he also indicated that there were some signs of rail traffic picking up in July.

"It's not euphoria, but there are some early signs that we're beginning to pull out" of the recession.

Garamendi moves against US insurer

By Nikki Tait in New York

MR JOHN Garamendi, the Californian insurance commissioner, yesterday issued a "cease-and-desist" order against Inter-American Insurance Company of Illinois, a relatively small life company whose parent is based in Chicago.

The Insurance Department has taken exception to the collateralisation of a $2.3m loan to the company's parent, the listing of a non-admissible property asset, a complex re-insurance arrangement, and the sale and repurchase of an interest in a high-risk securities partnership, that "artificially inflated the value of the investment".

A hearing on the order is scheduled for August 9.

The action is the latest in a series of steps taken by the new commissioner in an effort to put California's insurance industry on a firmer footing.

Canadian forest product groups see bleak future

By Bernard Simon in Toronto

NORANDA Forest and Abitibi-Price, two of Canada's largest forest products groups, have suffered second-quarter losses and painted a bleak picture of *short-term prospects.*

Noranda, whose interests include a 49 per cent stake in the big west coast producer MacMillan Bloedel, suffered a C$46m (US$40m) loss after payment of preferred dividends (equal to 45 cents a common share), an increase from a loss of C$9m (equal to 10 cents a share) a year earlier. Sales dropped by 11.7 per cent to C$1.09bn.

The loss at Abitibi, one of North America's leading newsprint suppliers, was C$6.2m (equal to 8 cents a share), compared with C$4.2m (equal to 6 cents a share). The latest figures include a one-time restructuring charge of C$20m. Sales were 9.1 per cent lower at C$729.7m.

Noranda chopped its capital spending by 45 per cent in the *first six months of this year to* C$152m.

Abitibi sees little hope for an early improvement in its groundwood and coated papers business. While office supplies and paper distribution contributed to the second-quarter's C$9.4m operating profit, it warned that this group will be less profitable than last year.

Both companies have also suffered from heavy discounting in the over-supplied newsprint market. Newsprint producers have been hit by a downturn in newspaper advertising and the sizeable amounts of capacity brought onstream in recent years.

News Corp expects $175m from sale of Enquirer stake

By Karen Zagor in New York

MR RUPERT Murdoch's News Corporation yesterday said it expects to receive $175m from the sale of about 80 per cent of the holding in Enquirer/Star *Group, parent of The National* Enquirer.

The proceeds will be used to reduce bank debt.

The Securities and Exchange Commission (SEC) yesterday *declared the Enquirer's initial* public offering effective, and trading in the issue started yesterday.

News Corp acquired its stake in the Enquirer in 1990 when Mr Murdoch's company sold the Star, a US tabloid, to the Enquirer for $200m of preferred shares and $200m in cash.

Mr John Reidy, an analyst at Smith Barney, said News Corp sold the Star to the Enquirer "when media values were probably higher than they are now". He added that "it is obviously helpful to News Corp to have the Enquirer public, in that News Corp will be able to *get some incremental proceeds* to pay down debt".

News Corp's proceeds from the stock sale are estimated at $150m, with an additional $25m from accrued dividends. News Corp *may sell another 15* per cent of its shares if the underwriters of the Enquirer/Star Group exercise their over-allotment option.

By next February, News Corp must repay $800m to the banks, $600m to redeem a bridging loan and $400m in three six-monthly instalments after that. Another $6bn will fall due when the company's refinancing agreement expires in February 1994.

US insurer sells 70% of Japanese subsidiary

By Robert Thomson
in Tokyo

NIPPON Shinpan, the Japanese consumer credit company, yesterday announced that it will purchase 70 per *cent of the Japanese arm of* The Equitable Life Assurance Society, the troubled US insurance group, for an estimated Y20bn ($147m).

On Thursday, Axa, France's *second largest* insurance company, announced that it had injected $1bn into Equitable, which had been looking to overhaul the loss-making Japanese arm, the Equitable *Life Insurance Co.*

The fast-diversifying Nippon Shinpan said its own network of 170 branches would be used to expand the insurance business, while control would *be taken over business* at Equitable's eight offices in Japan.

It said that the purchase would have no impact on existing policies and all 457 *Equitable staff in Japan would retain their* jobs.

Equitable of the US will retain a 30 per cent stake in the company, which is to be renamed Equitable Nippon Shinpan Life Insurance.

The purchase depends on the formal approval of the Ministry of Finance, although the Japanese company presumes this will be granted next month.

Nippon Shinpan itself will own 50 per cent of Equitable Nippon, while three of its affiliates will hold the other 20 per cent, and the group will send several executives to the company's board and be responsible *for* appointing a president.

The consumer credit company's entry into the insurance business received a guarded welcome from the Life Insurance Association of Japan, which said that it was happy to have Nippon Shinpan as a member, but that the easy entry of outsiders into the market was generally "undesirable".

Nippon Shinpan said that Equitable's Japanese *operations* lost Y4.5bn last year, and that "business will not turn favourable in the short term".

It suggested that "maybe in five years time" the positive *results of the purchase will* become obvious.

The company intends to offer insurance policies as an extra service for its credit card holders, and would also like to develop new financial products.

In the past year, Nippon Shinpan has signed an agreement with Volkswagen on car financing, and has expanded its resort development and property businesses.

Government agrees rescue for French textiles group

By George Graham in Paris

Pierre Bérégovoy: 'plan avoids bankruptcy filing'

THE French government yesterday agreed to a rescue plan for VEV, the all-but bankrupt textiles group with debts of FFr3bn ($495m).

The bail-out team is headed by Mr Pierre Barberis, former managing director of the Axa insurance group, and backed by the principal creditor banks, including Crédit Lyonnais.

Mr Pierre Bérégovoy, finance minister, and Mr Dominique Strauss-Kahn, industry minister, said yesterday that the plan met their objective of doing everything possible to avoid an actual bankruptcy filing for VEV, which has been surviving for the last two months on an emergency cash float provided by the government and the creditor banks.

"This plan allows a takeover of the whole group in industrial and financial conditions which ensure its survival," the ministers said yesterday.

Two takeover proposals were *originally filed with the* finance ministry's industrial reconstruction committee by the Dynaction industrial group led by Mr Henri Blanchet and Mr Christian Moretti, and by the partnership of *Mr* Emmanuel Coste and Mr Joël Picard which recently turned round the bankrupt nappy producer Celatose.

VEV's lead bankers, however, were unhappy *with both* plans, which would have obliged them to abandon a large part of their claims on the struggling textiles company.

The state-owned bank Crédit Lyonnais, with more than FFr1bn of VEV's total debt of more than FFr3bn, was particularly opposed to Moretti/Blanchet and Coste/Picard proposals, along with Crédit Commercial de France (CCF), with an estimated FFr250m at risk.

Crédit Lyonnais published the most sparkling results in the French banking sector last year with profits up 18 per cent to FFr3.7bn, but it is understood not yet to have provisioned either its exposure to VEV or the $888m of loans its Dutch subsidiary has clocked up to Mr Giancarlo Parretti and the crumbling *MGM-Pathé* film empire *he has built up.*

The realisation of losses on VEV would, therefore, have had a disastrous impact on the state-owned bank's earnings this year.

Details of the Barberis plan sponsored by the creditor banks are not yet entirely clear. The proposal hinges, *however,* on the conversion of bank debts into equity.

The banks are to take 49 per cent of VEV, with the controlling 51 per cent stake held by a newly-formed holding company. *This holding company* will itself be owned 49 per cent by the banks and 51 per cent by Mr Barberis.

Mr Barberis, who worked for the Crédit Lyonnais for 16 years before moving to the Crédit du Nord and then to Axa, had initially worked on the Dynaction proposal to take over VEV, but later joined the Crédit Lyonnais team.

Munich Re opens in Moscow

By Richard Lapper

MUNICH Re, Europe's biggest re-insurance company, is become the first foreign re-insurer to establish a representative office in Moscow. The step *will underline the inroads that* German insurers are making in the newly liberalising East European and Soviet insurance industries.

The new office, for which approval was obtained at the end of last month, is headed by Mr Eduard Ryabinin, formerly chief executive of a German subsidiary of Ingosstrakh, the Soviet state-owned company which insures international risks.

Almost half of Munich Re's DM12bn ($6.5bn) premium income in the 1989-90 year was earned from Munich Re's foreign connections.

Munich Re has had close relations with eastern European insurers since its formation in the late 19th century. It first established an office in St Petersburg in 1880.

Allianz, Europe's biggest insurer, which has cross shareholdings with Munich, also has Soviet interests having formed a joint-venture company, Ost-West Allianz, with the state body that oversees the Soviet industry.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$370.75	+2.60	$361.25	$392.25	$353.55
Silver Per troy oz	261.2p	+55.10	267.95p	280.55	183.35p
Aluminium 99.7% (cash)	$1303	-4.5	$1556	$1570	$1227
Copper Grade A (cash)	£1316	-21	£1493	£1472	£1241.0
Lead(cash)	£322.5	-10	£468.0	£382.5	£292.5
Nickel (cash)	$8430	-282.5	$10000	$9237.5	$8110
Zinc SHG (cash)	$1063.5	+2.5	$1572.0	$1430	$1039
Tin (cash)	$5667.5	+5	$6040	$5915	$5470
Cocoa Futures (Sep)	£615	+5	£755	£714	£596
Coffee Futures (Sep)	£540	-24	£560	£613	£520
Sugar (LDP Raw)	$280	-5	$286.4	$284	$194
Barley Futures (Nov)	£113.40	-0.10	£114.30	£121.50	£107.75
Wheat Futures (Nov)	£118.40	+3.15	£115.25	£141.10	£111.80
Cotton Outlook A Index	80.50c	-0.40	90.60c	88.25c	80.50c
Wool (64s Super)	384p	-3	474p	421p	329p
Oil (Brent Blend)	$20.075x	+0.30	$18.75	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Sep.

London Markets

SPOT MARKETS		
Crude oil *(per barrel FOB)*		+ or -
Dubai	$16.65-16.75	+0.5
Brent Blend (dated)	$20.15-20.30	-0.5
Brent Blend (Sep)	$20.05-20.10	
W.T.I. (1 pm est)	$22.10-22.15	+0.1
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	
Gas Oil	$189-190	-2
Heavy Fuel Oil	$73-75	+1
Naphtha	$196-198	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$370.75	+1.2
Silver (per troy oz)♣	440.5c	-1.0
Platinum (per troy oz)	$378.65	-2.1
Palladium (per troy oz)	$95.45	+0.45
Aluminium (free market)	N/A	
Copper (US Producer)	103	
Lead (US Producer)	50c	
Nickel (free market)	-	
Tin (Kuala Lumpur market)	15.43r	-0.01
Tin (New York)	283.5	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.61p	-1.04*
Sheep (dead weight)†	119.32p	-7.03*
Pigs (live weight)†	61.40p	-0.92*
London daily sugar (raw)	$280x	+6
London daily sugar (white)	$340.0x	+16.5
Tate and Lyle export price	£277.5	+2.5
Barley (English feed)	109.5z	
Maize (US No. 3 yellow)	£180.5	-0.5
Wheat (US Dark Northern)	-	
Rubber (Aug)♥	53.25p	
Rubber (Sep)♥	53.75p	
Rubber (KL RSS No 1 Aug)	228.5m	-0.5
Coconut oil (Philippines)§	$465y	-5
Palm Oil (Malaysian)§	$342.5q	-2.5
Copra (Philippines)§	$295z	-5
Soyabeans (US)	£159	+5
Cotton "A" Index	80.50c	+0.10
Wooltops (64s Super)	384p	

£ a tonne unless *otherwise stated.* p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Dec t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne) Raw	Close	Previous	High/Low
Aug	238.00	237.80	238.00 235.00
Oct	208.00	212.00	211.20 207.00
Dec	199.00	202.00	199.00 196.00
Mar	193.00	197.00	196.00 192.00
Aug	196.00	197.40	198.00
Oct	194.60	199.00	197.00
White	**Close**	**Previous**	**High/Low**
Oct	286.5	289.5	290.5 284.5
Dec	276.5	279.0	277.5 276.5
Mar	275.5	277.5	277.5 274.0
May	277.5	279.8	278.0 275.5
Aug	277.5	276.5	277.5

Turnover: Raw 825 (1563) lots of 50 tonnes. *White 794 (2084)*
Paris- White (FFr per tonne): Oct 1701 Dec 1639

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Sep	20.08	19.89	20.16 19.85
Oct	20.04	19.88	20.11 19.82
Nov	19.98	19.85	20.04 19.78
Dec	19.93	19.70	19.98 19.80
Jan	19.83	19.60	19.83 19.69
IPE Index	20.08	19.98	

Turnover 16098 (26222)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Aug	186.50	188.25	187.00 184.75
Sep	187.50	189.25	188.25 185.75
Oct	189.00	190.75	189.25 187.00
Nov	190.00	191.75	190.50 188.50
Dec	191.00	192.50	191.50 189.25
Jan	*186.50*	*188.50*	*186.50*
Feb	181.50	182.75	181.50
Mar	178.50	178.75	178.50 177.00
Apr	175.00	174.50	175.00 173.00

Turnover 19191(12207) lots of 100 tonnes

SPICES
Prices have hardly changed during the past fortnight in the pepper market, which remained extremely quiet this week in the absence of demand from industrial buyers or fresh news from producing countries, reports Man Producten. The Indonesian white pepper harvest has just started. Muntok white pepper of fair average quality was offered at US$1,175 cif, for prompt shipment from origin. Black pepper, faq, was offered at $1,100 cif. With another good crop forecast for Brazil in the near and for India in the more distant future prices may not yet have stabilised.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Jul	596	585	599 589
Sep	615	610	615 604
Dec	657	646	656 643
Mar	694	686	694 683
May	714	708	714 705
Jul	734	728	734 723
Sep	754	747	753 744

Turnover: 3922 (2429) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 17 773.98 (769.76) 10 day average for Jul 16 764.57 (763.57)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Jul	523	523	530 519
Sep	540	540	547 538
Nov	561	561	566 560
Jan	579	579	585 577
Mar	595	595	598 592

Turnover:4900 (4248) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul.17 : Comp. daily 64.04 (64.56). 15 day average 65.01 (65.16)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Apr	106.8	106.9	107.0 105.6

Turnover 42 (251) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Aug	120.50	124.00	120.50
Oct	123.50	127.00	123.50
Dec	128.00	129.00	128.00

Turnover 55 (107) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Jul	1536	1525	1540 1525
Aug	1585	1535	1560 1540
Oct	1630	1620	1630 1625
Jan	1645	1620	1645 1620
BFI	1526	1523	

Turnover 180 (199)

GRAINS – London FOX (£/tonne) Wheat	Close	Previous	High/Low
Nov	114.75	115.60	115.60 114.75
Jan	118.40	119.20	118.70
Mar	121.45	122.30	121.80 121.60
May	124.60		124.86 124.70
Jun	126.50		126.50
Barley	**Close**	**Previous**	**High/Low**
Sep	109.65	110.10	109.75 109.75
Nov	113.40	113.85	113.60 113.60
Jan	116.90		116.90
Mar	119.40		119.40
May	121.00		121.25

Turnover: Wheat 202 (191), Barley 43 (5).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Jul	89.8	90.0	89.0
Aug	88.0	88.0	88.0 87.0
Sep	90.3	90.0	90.0 89.0
Oct	95.5	95.0	95.5 95.0
Jan	94.8		94.0
Feb	96.8		97.0 96.0
Mar	97.5		97.0

Turnover:99 (71) lots of 3,250 kg

[illegible] – London FOX	Close	Prev.	High	Low	Vol
Indx	139.82	139.89			
Sep	140.70	141.50	140.70	140.50	95
Oct	140.80	141.20	140.80	140.60	80
Dec	141.30	141.80	141.30	141.10	60

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,414 lots
Cash	1302-4	1298-300	1294	1294-5		
3 months	1334-5	1331-2	1336/1320	1327-8	1335-6	100,452lots
Copper, Grade A (£ per tonne)						Total daily turnover 31,373 lots
Cash	1315-7	1329-31	1322	1322-3		
3 months	1332.5-3	1344-5	1338/1332	1336-7	1331.5-2	122,765lots
Lead (£ per tonne)						Total daily turnover 4,472 lots
Cash	322-3	328-9	323.5	323-4		
3 months	332-3	337.5-8	335/332	333-4	332-32.5	17,628lots
Nickel ($ per tonne)						Total daily turnover 1,511 lots
Cash	8420-40	8490-510		8405-15		
3 months	8420-30	8480-90	8430/8350	8405-10	8425-50	13,115lots
Tin ($ per tonne)						Total daily turnover 1,581 lots
Cash	5665-70	5680-85		5670-3		
3 months	5760-65	5780-85	5770/5760	5760-70	5755-60	5,971ots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,509 lots
Cash	1063-4	1067-9	1063/1056.5	1055.5-6.5		
3 months	1075-6	1077-8	1082/1060	1069-70	1081-2	27,267 ots

LME Closing £/$ rate:
SPOT: 1.6910 3 months: 1.6718 6 months: 1.6567 9 months: 1.6439

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	370.50-371.00	
Opening	369.50-370.00	
Morning fix	370.30	220.614
Afternoon fix	*370.00*	*219.976*
Day's high	371.60-372.00	
Day's low	369.50-370.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.61	6 months	5.43
2 months	5.50	12 months	5.42
3 months	5.49		

Silver fix	p/fine oz	US cts equiv
Spot	262.00	439.50
3 months	269.15	449.05
6 months	275.85	452.95
12 months	290.00	469.20

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	370.00-371.00	220.00-220.50
Maple leaf	378.00-379.00	224.75-225.25
New Sovereign	78.00-80.00	47.00-47.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	81	120	7	17
1350	21	58	46	54
1450	*2*	*23*	*126*	*116*
Copper (Grade A)	**Calls**		**Puts**	
2150	107	123	21	64
2250	48	74	62	113
2350	17	41	130	178
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
500	42	68	2	7
550	11	34	21	23
600	1	15	61	54
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
575	27		12	
600	14	54	24	23
625	7	41	42	35
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900				
1950	23		21	23
2000	54	68	49	57

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jul	370.8	370.2	370.5	370.5
Aug	371.2	370.9	371.8	370.7
Sep	372.9	372.6	373.5	373.3
Oct	374.7	374.5	376.2	374.3
Dec	378.2	378.0	378.7	377.8
Feb	381.8	381.7	382.2	381.7
Apr	385.4	385.1	0	0
Jun	388.9	3388.6	0	0
Aug	392.6	392.2	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	377.5	378.0	377.0	377.0
Oct	382.5	383.5	383.5	381.8
Jan	386.7	387.7	388.0	386.5
Apr	390.7	391.8	0	0
Jul	394.6	395.6	0	0
Oct	401.7	402.6	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jul	438.6	437.8	440.0	438.0
Aug	439.0	438.2	0	0
Sep	442.0	441.2	442.5	440.5
Dec	*449.8*	*449.0*	*450.5*	*448.0*
Jan	451.7	450.9	0	0
Mar	458.1	457.3	458.5	458.5
May	463.8	463.0	462.0	462.0
Jul	469.6	468.8	0	0
Sep	475.8	475.0	0	0
Dec	485.4	484.6	483.5	482.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	99.60	98.70	100.20	99.20
Aug	*100.00*	98.75	*0*	*99.45*
Sep	99.80	98.75	100.35	98.80
Oct	99.45	98.45	0	0
Nov	99.10	98.15	0	0
Dec	98.75	97.85	99.20	98.00
Jan	98.40	97.50	0	0
Feb	98.05	97.15	0	0
Mar	97.65	96.75	98.00	97.25
Apr	97.20	96.30	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Aug	22.11	21.94	22.25	21.85
Sep	22.10	21.83	22.20	21.77
Oct	21.86	21.63	21.96	21.61
Nov	21.68	21.47	21.77	21.48
Dec	21.50	21.30	21.57	21.30
Feb	21.25	20.98	21.20	21.00
Mar	21.00	20.83	20.93	20.90
Apr	20.93	20.70	20.92	20.73
May	20.85	20.61	20.88	20.63

HEATING OIL 42,000 US galls, cents/US galls	*Latest*	*Previous*	*High/Low*	
Aug	5940	5894	5965	5860
Sep	6055	6003	6085	5960
Oct	6150	6093	6160	6095
Nov	6245	6190	6255	6170
Dec	6335	6280	6340	6250
Jan	6335	6285	6350	6265
Feb	*6210*	*6150*	*6210*	*6145*
Apr	5730	5675	5730	5715

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	975	939	980	946
Dec	1032	996	1033	1003
Mar	*1060*	*1046*	*1084*	*1058*
May	1110	1078	1090	1090
Jul	1137	1104	1135	1115
Sep	1160	1131	1166	1150
Dec	1199	1176	1199	1193
Mar	1234	1211	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	82.50	82.00	82.70	82.30
Sep	83.15	83.60	83.75	82.85
Dec	86.55	87.05	87.00	86.20
Mar	89.80	90.40	90.20	89.50
May	91.75	92.60	92.25	91.60
Jul	94.35	95.05	94.50	94.50
Sep	97.30	98.00	0	0
Dec	99.55	100.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.18	9.46	9.33	9.16
Mar	8.69	8.88	8.78	8.67
May	8.71	8.85	8.80	8.70
Jul	8.64	8.70	8.66	8.60
Oct	8.55	8.69	8.57	8.55

COTTON 50,000; cents/lbs	*Close*	Previous	High/Low	
Oct	70.13	71.40	70.85	69.75
Dec	69.73	72.22	70.20	69.40
Mar	70.95	72.77	71.30	70.75
May	71.75	69.15	72.00	71.85
Jul	72.27	67.92	72.65	72.85
Oct	69.15	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	119.95	118.75	120.25	*119.00*
Nov	119.10	118.05	119.50	119.00
Jan	118.80	117.75	119.05	118.00
Mar	*119.60*	*119.45*	*119.70*	*119.25*
Jul	120.25	116.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
July 19	July 18	mnth ago	yr ago
1700.3	1709.8	1777.7	1815.5

DOW JONES (Base: Dec. 31 1974 = 100)	July 18	July 17	mnth ago	yr ago
Spot	125.47	125.75	131.44	131.99
Futures	122.95	123.78	*126.21*	*131.15*

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	527/0	527/0	530/0	524/0
Aug	522/6	521/4	525/0	518/0
Sep	522/2	521/2	524/4	518/0
Nov	526/0	525/6	529/0	522/0
Jan	536/2	535/4	538/4	533/0
Mar	547/0	546/0	549/0	543/4
May	558/0	555/4	556/4	552/0
Jul	561/6	562/0	564/2	559/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	18.39	18.44	18.50	18.36
Aug	18.35	18.44	18.52	18.30
Sep	18.51	18.63	18.69	18.47
Oct	18.70	18.77	18.86	18.68
Dec	19.07	19.16	19.22	19.02
Jan	19.21	*19.30*	19.42	19.21
Mar	19.51	19.58	19.75	19.51
May	19.80	19.90	20.05	19.80
Jul	19.96	19.95	20.30	19.96

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	164.0	162.2	164.0	161.9
Aug	163.9	162.7	164.0	162.2
Sep	162.9	162.2	163.3	161.7
Oct	162.4	161.5	162.8	161.5
Dec	162.4	162.1	163.1	161.3
Jan	163.3	163.0	163.7	162.3
Mar	164.9	165.0	165.0	163.5
May	168.5	167.5	167.0	164.5
Jul	168.5	168.5	168.5	167.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	233/0	236/6	236/0	232/4
Sep	229/0	232/0	232/0	228/2
Dec	231/4	233/6	234/0	230/2
Mar	239/4	241/6	242/0	238/4
May	245/4	247/0	247/2	244/0
Jul	250/2	251/2	251/4	249/0
Sep	245/4	248/0	248/6	245/4
Dec	246/0	244/0	248/4	244/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	289/0	288/4	289/0	286/4
Sep	274/0	272/6	275/4	270/6
Dec	285/4	285/2	287/4	283/0
Mar	290/0	289/4	291/6	287/4
May	288/0	288/0	289/4	285/0
Jul	286/0	283/4	287/0	283/2

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	73.70	73.77	73.82	73.60
Oct	75.22	75.37	75.32	75.05
Dec	75.72	75.95	75.92	75.57
Feb	74.80	75.07	75.00	74.80
Apr	75.25	75.40	75.45	75.20
Jun	73.60	73.55	73.50	73.30
Aug	72.00	72.00	72.50	72.00

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Jul	56.27	57.30	56.80	56.20
Aug	51.20	51.55	51.30	50.57
Oct	44.05	44.17	44.12	43.70
Dec	43.52	43.62	43.62	43.30
Feb	43.45	43.72	43.55	43.35
Apr	41.87	42.20	42.17	41.92
Jun	46.35	46.60	46.50	46.35
Jul	46.35	46.60	0	46.35

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	46.50	48.05	48.77	46.50
Aug	45.25	45.70	45.70	44.80
Feb	48.22	49.50	48.50	47.80
Mar	47.75	48.10	47.85	47.50
May	48.35	48.45	48.60	48.30

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark continues its advance

INDICATIONS THAT the US economy is recovering from recession are having a shrinking impact on the dollar at present. This year's increase in the dollar's value has followed signs that the economy is picking up, but an encouraging survey from the Federal Reserve Bank of Philadelphia failed to prevent a sharp slide by the US currency yesterday.

The Philadelphia survey suggested that manufacturing activity rose in July for the third consecutive month and will probably improve over the next six months, but the currency market was more concerned about likely moves in world interest rates.

Mr Nicholas Brady, US Treasury secretary, has recently indicated there is room for cuts in US rates and that this would be welcomed by the administration. His view contrasted with speculation about higher German rates, putting downward pressure on the dollar yesterday.

The D-Mark met demand on expectations that rising inflation in Germany will force the Bundesbank to raise interest rates in the near future, possibly at the next meeting of the central bank council in August.

At the London close the dollar had fallen to DM1.7485 from DM1.7710; to FFr5.9375 from FFr6.0100; to SFr1.5150 from SFr1.5350; and to Y136.45 from Y136.80. On Bank of England figures the dollar's index declined to 66.8 from 67.2.

The D-Mark was also strong against the Japanese yen, rising to 78.05 from Y77.26, with dealers suggesting that Y79.00 is the next target. The German Finance Ministry expressed satisfaction with current developments on the foreign exchanges, saying the D-Mark's improvement is the result of the strength of the German economy and Bonn's fiscal policies. It added that the government will continue its restrictive policies and reduce high deficits swollen by the cost of German unification.

A strong D-Mark had little impact on the European exchange rate mechanism however. It remained the fourth weakest member of the ERM. Sterling fell below the Belgian franc to become the fourth strongest currency in the system.

Mr John Major, the UK prime minister, told parliament in London that he expects Britain to move out of recession in the second half of 1991, on the back of an overall world economic recovery.

He added that his key aim is to "bring down inflation and ensure we have the right economic circumstances for sustained growth."

The pound had a firm tone, rising 2.30 cents to $1.6905. It also climbed to DM2.9950 from DM2.9925; to FFr10.0375 from FFr10.0225; and to Y230.75 from Y228.00, but was unchanged at SFr2.5600. Sterling's index climbed 0.4 to 91.1.

£ IN NEW YORK

July 19	Latest	Previous Close
£ Spot	1.6895-1.6905	1.6650-1.6660
1 month	0.73-0.71pm	0.72-0.70pm
3 months	2.06-2.03pm	2.01-1.98pm
12 months	6.08-5.98pm	5.90-5.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 19	Previous
8.30 am	90.9	90.6
9.00 am	91.0	90.6
10.00 am	91.0	90.7
11.00 am	91.0	90.8
Noon	90.9	90.7
1.00 pm	90.9	90.7
2.00 pm	90.9	90.7
3.00 pm	91.0	90.7
4.00 pm	91.1	90.7

CURRENCY MOVEMENTS

Jul 19	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.1	-20.6
U.S Dollar	66.8	-11.4
Canadian Dollar	105.1	+2.5
Austrian Schilling	108.4	+11.0
Belgian Franc	110.0	-3.0
Danish Krone	107.3	+2.0
D-Mark	116.2	+22.9
Swiss Franc	109.4	+18.0
Dutch Guilder	112.7	+14.9
French Franc	101.6	-14.0
Lira	98.1	-20.2
Yen	138.5	+70.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 18

CURRENCY RATES

Jul 19	Bank % rate	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.796662	0.695904
U.S Dollar	5.50	1.32923	1.16891
Canadian $	8.89	1.53468	1.34974
Austrian Sch	7	16.9941	14.4641
Belgian Franc	7.50	48.5249	42.2970
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 19	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.507	-3.83	5.40	67
Italian Lira	1538.24	1530.98	-0.47	1.84	29
Belgian Franc	42.4032	42.2970	-0.25	1.61	18
Sterling	0.696904	0.695904	-0.14	1.51	2
Dutch Guilder	2.31643	2.31538	-0.05	1.41	8
D-Mark	2.05586	2.05495	-0.04	1.40	10
Irish Punt	0.767417	0.768212	0.10	1.25	1
French Franc	6.89509	6.97606	1.17	0.18	-58
Danish Krone	7.84195	7.94859	1.36	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6795 - 1.6910	1.6900 - 1.6910	0.73-0.71cpm	5.11	2.05-2.02pm	4.82
Canada	1.9380 - 1.9535	1.9515 - 1.9525	0.43-0.35cpm	2.4	0.79-0.72pm	1.55
Netherlands	3.3225 - 3.3350	3.3250 - 3.3350	⅝-⅜cpm	2.03	1⅝-1¼pm	1.73
Belgium	60.65 - 61.00	60.90 - 61.00	16-11cpm	2.66	35-23pm	1.90
Denmark	11.4050 - 11.4525	11.4400 - 11.4500	2-1⅜orepm	1.77	5-3¾pm	1.53
Ireland	1.1025 - 1.1110	1.1040 - 1.1050	0.09-0.04ppm	0.71	0.30-0.20pm	0.91
Germany	2.9525 - 2.9600	2.9525 - 2.9575	⅝-½pfpm	2.28	1⅝-1¼pm	1.78
Portugal	252.45 - 254.25	253.25 - 254.25	333-500cdis	-19.70	489-687dis	-9.27
Spain	183.95 - 184.95	184.45 - 184.75	26-31cdis	-1.85	72-83dis	-1.68
Italy	2199.00 - 2208.25	2204.75 - 2205.75	par-1liredis	-0.27	2-3dis	-0.45
Norway	11.4900 - 11.5400	11.5250 - 11.5350	1⅛-⅞orepm	0.91	2⅛-1½pm	0.63
France	10.0175 - 10.0600	10.0325 - 10.0425	1⅝-1¼cpm	1.72	4-3⅝pm	1.52
Sweden	10.6825 - 10.7175	10.7075 - 10.7175	1-⅜orepm	0.84	1⅜-⅝pm	0.42
Japan	229.75 - 230.80	230.25 - 231.25	¾-⅝ypm	3.58	2-1¾pm	3.36
Austria	20.76 - 20.86	20.83 - 20.86	4⅛-3⅞gropm	2.23	9⅛-7⅝pm	1.67
Switzerland	2.5550 - 2.5650	2.5550 - 2.5650	⅝-⅝cpm	3.22	2-1⅞pm	3.03
Ecu	1.4340 - 1.4420	1.4380 - 1.4390	0.18-0.13cpm	1.29	0.43-0.35pm	1.08

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.59-3.54cpm. 12 Month 6.02-5.92cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6795 - 1.6910	1.6900 - 1.6910	0.73-0.71cpm	5.11	2.05-2.02pm	4.82
Ireland†	1.5160 - 1.5270	1.5260 - 1.5270	0.50-0.45cpm	3.73	1.46-1.36pm	3.69
Canada	1.1530 - 1.1595	1.1580 - 1.1590	0.25-0.28cdis	-2.74	0.72-0.77dis	-2.57
Netherlands	1.9690 - 1.9905	1.9695 - 1.9705	0.50-0.53cdis	-3.14	1.52-1.57dis	-3.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Danish Krone	9⅛ - 9⅜	9⅛ - 9⅝	9⅜ - 9⅝	9⅝ - 9⅞	9⅝ - 9⅞	9⅝ - 9⅞
Asian $Sing	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛

Long term Eurodollars: two years 7½-7⅜ per cent; three years 7⅞-7⅞ per cent; four years 8⅛-8⅛ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 19	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.690	2.955	230.7	10.04	2.560	3.330	2205	1.952	60.95	1.438
$	0.592	1	1.749	136.5	5.941	1.515	1.970	1305	1.155	36.07	0.851
DM	0.338	0.572	1	78.07	3.398	0.866	1.127	746.2	0.661	20.63	0.487
YEN	4.335	7.326	12.81	1000.	43.52	11.10	14.43	9558	8.461	264.2	6.233
F Fr.	0.996	1.683	2.943	229.8	10.	2.550	3.317	2196	1.944	60.71	1.432
S Fr.	0.391	0.660	1.154	90.12	3.922	1	1.301	861.3	0.763	23.81	0.562
H Fl.	0.300	0.508	0.887	69.28	3.015	0.769	1	662.2	0.586	18.30	0.432
Lira	0.454	0.766	1.340	104.6	4.553	1.161	1.510	1000.	0.885	27.64	0.652
C $	0.512	0.866	1.514	118.2	5.143	1.311	1.706	1130	1	31.22	0.737
B Fr.	1.641	2.773	4.848	378.5	16.47	4.200	5.463	3618	3.203	100.	2.359
ECU	0.695	1.175	2.055	160.4	6.982	1.780	2.316	1533	1.357	42.39	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6905	1.6833	1.6702	1.6549	1.6308
D-mark	2.9550	2.9499	2.9418	2.9356	2.9245
French Fr.	10.037	10.024	10.000	9.9770	9.9360
Swiss Fr.	2.5600	2.5534	2.5413	2.5263	2.4947
Yen	230.75	230.04	228.75	226.97	223.59

FINANCIAL FUTURES AND OPTIONS

[illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6905	1.6833	1.6702	1.6549	1.6308

IMM STERLING $ per £

	Latest	High	Low	Prev.
Sep	1.6664	1.6680	1.6640	1.6532
Dec	1.6490	1.6496	1.6460	1.6382
Mar	-	1.6350	-	1.6252

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
103	-	-	-	0.12	0.52	0.83
104	-	-	-	0.30	0.83	-
105	0.58	1.17	1.53	0.70	1.24	1.60
106	0.28	0.75	-	-	-	-
107	0.07	0.46	0.78	-	-	-
108	0.03	0.26	-	-	-	-
Open Int	152,800	35,732	7,770	106,045	23,695	14,750

Estimated volume 13,890 Total Open Interest 340,992

BANK RETURN

BANKING DEPARTMENT	Wednesday July 17, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	117,533,695	+	63,546,578
Bankers Deposits	1,638,195,123	-	73,450,988
Reserve and other Accounts	2,797,216,523	-	29,772,177
	4,567,498,341	-	39,676,565
ASSETS			
Government Securities	1,774,815,591	+	405,720,000
Advance and other Accounts	1,556,288,843	-	1,200,658,647
Premises Equipment & other Secs	1,224,603,118	+	752,429,155
Notes	11,504,226	+	2,783,479
Coin	286,563	+	49,448
	4,567,498,341	-	39,676,565
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,048,495,774	+	27,216,521
Notes in Banking Department	11,504,226	+	2,783,479
	16,060,000,000	+	30,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,514,051,789	+	68,798,704
Other Securities	5,534,933,111	-	38,798,704
	16,060,000,000	+	30,000,000

MONEY MARKETS

London rates steady

INTEREST RATES were steady in London yesterday, although the short end of the money market was firm on a large shortage of day-to-day credit. Trading was quiet, reflecting expectations that bank base rates will remain at the present level for several weeks, but the longer end was also slightly firmer.

Three-month sterling interbank was unchanged at 11⅛-11 per cent, with 12-month money rising to 10⅞-10⅞ from 10¾-10¾ per cent.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

Trading in short sterling futures was also very subdued on Liffe. September delivery opened a little firmer at 89.39, but held within a narrow range of 89.35 to 89.41 before closing at 89.36 compared with 89.38 previously.

There was a large shortage of credit on the cash market. The Bank of England initially forecast a shortage of £1,600m, but revised this to £1,500m in the afternoon. Total assistance of £1,415m was provided.

An early round of help was offered and at that time the authorities bought £830m bills, including £17m bank bills outright, in band 2 at 10⅞ per cent.

Another £813m bills were purchased for resale to the market in equal amounts on August 12,13 and 14 at an interest rate of 10⅞ per cent.

In further operations before lunch another £550m bills were bought outright, by way of £437m bills in band 1 at 10⅞ per cent; £8m Treasury bills in band 2 at 10⅞ per cent; and £105m bank bills in band 2 at 10⅞ per cent.

In the afternoon £35m bills were purchased, via £30m bank bills in band 1 at 10⅞ per cent and £5m bank bills in band 2 at 10⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £731m, with the unwinding of repurchase agreements on bills absorbing £356m; exchequer transactions £195m; and a rise in the note circulation £540m. These outweighed bank balances above target adding £215m to liquidity.

At the weekly Treasury bill tender the average rate of discount on £500m of 91-day bills rose to 10.4912 from 10.4839 per cent and the average on £200m of 182-day bills increased to 10.1301 from 10.1060 per cent.

The highest accepted rate on 91-day bills was unchanged at 10.5088 per cent, equal to a price of £97.380. Bids at that level received around 13 per cent of the amount applied for.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 19) 3 months US dollars		6 months US Dollars	
bid 6	offer 6⅛	bid 6⅛	offer 6¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	8½	One month	5.43	Three year	7.29
Broker loan rate	7¾	Two month	5.58	Four year	7.48
Fed.funds	5¾	Three month	5.75	Five year	7.89
Fed.funds at intervention	-	Six month	5.96	Seven year	8.15
		One year	6.24	10-year	8.28
		Two year	6.84	30-year	8.48

July 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.70-8.80	8.80-8.95	8.85-9.00	8.90-9.05	9.05-9.20	9.00
Paris	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9¼	9.25
Zurich	7⅝-7⅝	7⅝-7⅞	-	7⅝-8	-	-
Amsterdam	8.43-8.56	8.88-8.96	-	9.06-9.12	-	-
Tokyo	7⅝-7⅛	7⅛-7⅛	-	7⅞-7⅞	-	-
Milan	10⅝-11	11⅛-11⅛	-	11⅛-11⅛	-	-
Brussels	8⅝-8⅝	8⅝-8⅝	-	9-9⅛	-	-
Dublin	9-9⅝	9⅝-10	9⅞-10⅛	9⅞-10⅛	10-10⅛	-

LONDON MONEY RATES

Jul 19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅛	11⅛	11⅛	11⅛	10⅞	10⅞
Interbank Bid	10	10⅞	11	11	10⅝	10⅞
Sterling CDs	-	-	11⅛	11⅛	10⅞	10¾
Local Authority Deps.	10¾	11⅛	11	11	10⅞	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅞	11	10⅞	10⅞	-	-
Company Deposits	-	-	11⅛	11⅛	10⅞	10⅞
Finance House Deposits	-	-	11⅛	11⅛	10⅞	10¾
Treasury Bills (Buy)	-	-	10⅞	10⅞	10⅞	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.98	6.05	6.32	6.70
SDR Linked Dep. Offer	-	-	7⅞	7⅞	7⅞	8
SDR Linked Dep. Bid	-	-	7⅞	7⅞	7⅞	7⅞
ECU Linked Dep. Offer	-	-	9⅞	9⅞	9⅞	10
ECU Linked Dep. Bid	-	-	9⅝	9⅝	9⅞	9⅞

Treasury Bills (sell); one-month 10⅞ per cent; three months 10⅞ per cent; six months 10⅛ per cent; Bank Bills (sell); one-month 10⅞ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.4912 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Adam & Company	11	Coutts & Co	11	Midland Bank	11
Allied Trust Bank	11	Cyprus Popular Bk	11	Mount Banking	11
AIB Bank	11	Dunbar Bank PLC	11	NatWestminster	11
● Henry Ansbacher	11	Duncan Lawrie	11	Northern Bank Ltd	11
B & C Merchant Bank	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Bank of Baroda	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of Ireland	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of India	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Bank of Scotland	11	Girobank	11	TSB	11
Banque Belge Ltd	11	● Guinness Mahon	11	Unibank plc	11
Barclays Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
Brit Bk of Mid East	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
● Brown Shipley	11	● Hill Samuel	11	Westpac Bank Corp.	11
CL Bank Nederland	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
Citibank NA	11	Hongkong & Shanghai	11	Yorkshire Bank	11
City Merchants Bank	11	● Leopold Joseph & Sons	11		
Clydesdale Bank	11	Lloyds Bank	11		
Comm. Bk. of London Plc	11	Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1830

Exchequer 10½% Stk 2005 - £102⅞ 102.82 ‡‡102⅞
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £112½

Corporation and County Stocks
No. of bargains included 8

London County 2½% Cons Stk 1920(or after) - £22 (12Jy91)

Hydro-Quebec 12.75% Ln Stk 2015 - £110
Iceland(Republic of) 14½% Ln Stk 2016 - £118 (17Jy91)
Inter-American Development Bank 9¾% Ln Stk 2015 - £91⅞ ⅞ ⅞
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £90⅞
11.5% Ln Stk 2003 - £105⅞
Malaysia 10¾% Ln Stk 2009(Reg) - £91½
New Zealand 7¾% Stk 88/92 - £95 (17Jy91)
11¾% Stk 2008(Reg) - £100½
11½% Stk 2014(Reg) - £102¼
11¾% Ln Stk 2019 - £101 ⅞

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Shipping

Utilities

Water

Chester Waterworks Co3.15%(Frmly 4½%)Prf Stk - £1650 (16Jy91)
Essex Water Co3.5%(Frmly 5%)Prf Stk - £400 (15Jy91)
11.50% Red Deb Stk 95/97 - £100⅜ (17Jy91)
Newcastle & Gateshead Water Co5% Cons Deb Stk - £42 (12Jy91)
North Surrey Water Co9¾% Red Deb Stk 94/96 - £95⅜ (12Jy91)
South Staffordshire Waterworks Co 4.9%(Frmly 7%)Ord Stk Class B - £400 (17Jy91)
9¼% Red Deb Stk 96/2000 - £87 (15Jy91)
Tendring Hundred Waterworks Co7¾% Red Deb Stk 91/93 - £94¼
Wrexham & East Denb Water Co 4.9%(Frmly 7%)Cons Ord Stk - £1300 (16Jy91)

Miscellaneous Warrants
No. of bargains included 6

Bankers Trust International LdPutWtsRel to FT-SE 100 Index 30/3/93 - £1.17 117 (12Jy91)
Barclays De Zoete Wedd Wts LdCall Wts (Srs B) Rltg to DAX Ind16/9/92 - DM214 215.65 216
A PutWtsRltgto FT-SE 100 Index 25/9/92 - £0.2♦
C PutsWtsRltgto FT-SE 100 Index 25/9/92 - £0.09 (17Jy91)
Put Wts (Srs D) Rltg FTSE 100 29/9/92 - £0.83
Put Wts (Srs E) Rltg FTSE 100 29/9/92 - £0.57♦
Put Wts (Srs G) Rltg FTSE 100 29/9/92 - £0.29 0.3 (12Jy91)
Put Wts (Srs O) Rltg FTSE 100 30/3/93 - £0.74 0.8
Salomon IncCall Wts Rltd to OMX Index 22/1/93 - SK60.82 61 (12Jy91)

USM Appendix

Rule 535(2)

Thwaites(Daniel)& Co PLCOrd 25p - £1.9
Transatlantic Hldgs PLCOrd 50p - £3.1 3.2
Ord 25p - £1.85 (15Jy91)
Video Magic Leisure Group PLCOrd 1p - £0.0025
Vista Entertainments PLCOrd 5p - 1½ (18Jy91)
Weetabix Ld"A" Non.V Ord 25p - £5.4 5.8 5.85 6
Yates Bros Wine Lodges PLCOrd 25p - £0.85 (15Jy91)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. *Quotation has not been granted in London and dealings are not recorded in the Official List.*

Aust. Foundation Inv 94.0
Community Psychiatric Centers $28.625 (12/7)
Dainippon Screen Mfg. Y1540 (16/7)
Forest Laboratories $39.875 (17/7)
Harland (John H) Co $23.22 (17/7)
Idaho Power Co $24.8174 (15/7)
Keystone International $30.02♦
Kulim Malaysia Ord 33 (15/7)
Malaysian Plantations 15♦ (15/7)
National Electronics (Consolidated) HK$0.686 (16/7)
Oil Search 35.29
Playmates Hldgs HK$5.093 (15/7)
Regal Hotels (Hldgs) HK$1.203 (16/7)
Selangor Properties S$0.98 (17/7)
Storer Communications SK370 (17/7)
Terrex Resources A$0.151

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LONDON STOCK EXCHANGE

Cautious close to a successful week

By Terry Byland, UK Stock Market Editor

AN indifferent performance from Wall Street left the London stock market to drift uncertainly yesterday and finally to abandon, for the time being at least, its attempt to hold firm above the Footsie 2,550 mark. Equity turnover was relatively modest, however, and the downturn in late trading also reflected the issue by the Bank of England of a further £1bn tranche of long-dated tap stock in the government bond market.

The new government bond stock, in 9 per cent Convertible dated 2,011, brought a downturn in gilt-edged prices, where early gains of ⅛ were replaced by losses ranging to ¼ a point. The new issue was larger than the market had bargained for.

UK equities opened firmly, hoping that Wall Street's move above the Dow 3,000 mark overnight would set the trend for gains across European bourses. Stock futures were, for a change, pushed aside by investors in cash markets.

At best London was ahead by more than 10 points, taking the Footsie Index to 2,557.5. Over the week, the Footsie has gained 60.1 points as UK investors have shown increasing optimism about a recovery in global and UK economies, in spite of the recessionary pressures which are still bearing down on British industry and commerce.

But investment institutions showed themselves unwilling to chase stock ahead, and the first leg of the equity trading account settled down to a steady close. The upset came in the second half of the session when Wall Street opened lower to show a fall of 5 Dow points in London hours.

At the final reading the FT-SE Index was down 5.8 at 2,541.5. Seaq turnover dipped to 441m shares from the 464.9m recorded in the previous session, and yesterday saw little of the corporate and brokerage placing activity which has featured on the stock market in recent weeks.

London was still waiting for Wall Street to break out convincingly above the Dow 3,000 mark. Equity traders sounded confident of the the outlook for UK equities, despite yesterday's modest slowdown in the recent advance in share prices.

At Schroders, Mr Robin Aspinall said that despite near term uncertainties there are overhanging UK equities, his forecast of FT-SE 2,200 at the year-end still stands. But the strategy team at S.G. Warburg Securities commented that confidence in the market's recent rally has been enhanced by the concentration of the advance in key sectors. Warburg believes that the advance to its year end target of Footsie 2,750 may not occur until after the end of the impending corporate interim reporting season.

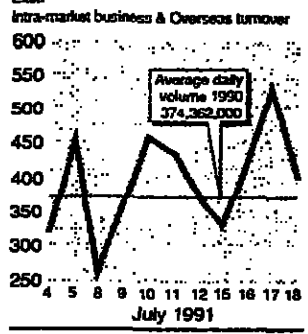
● There has been an increase in customer or retail business over the past fortnight as the FT-SE Index has moved out of its recent trading range.

Account Dealing Dates		
*First Dealings:		
Jul 1	Jul 15	Jul 29
Option Declarations:		
Jul 11	Jul 25	Aug 8
Last Dealings:		
Jul 12	Jul 26	Aug 9
Account Day:		
Jul 22	Aug 5	Aug 19

*New-time dealings may take place from 8.20 am two business days earlier.

London SE volume

Turnover by volume (million) Excl: intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	July 19	July 18	July 17	July 16	July 15	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.94	85.00	84.90	84.86	84.80	N/A	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.52	94.52	93.77	93.77	93.83	88.06	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1959.5	1969.0	1976.6	1971.4	1951.1	1896.1	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	212.9	212.6	212.4	212.9	214.2	181.9	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2541.5	2547.3	2561.0	2556.8	2532.5	2400.1	2561.0 (17/7)	2054.8 (16/1)	2561.0 (17/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1164.67	1162.86	1162.25	1169.24	1160.07	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.83	4.81	4.79	4.80	4.85	4.88				
●Earning Yld %(full)	8.48	8.44	8.41	8.43	4.52	10.76				
●P/E Ratio(Net)(☆)	14.51	14.56	14.62	14.59	14.42	11.27				
SEAQ Bargns 4.45pm	27,435	25,828	29,782	31,262	24,252	N/A				
Equity Turnover(£m)†	-	880.93	1176.45	1044.72	720.47	903.89				
Equity Bargains†	-	27,086	28,889	31,151	24,088	27,933				
Shares Traded (ml)†	-	408.1	530.6	428.1	129.4	384.1				

Basis 100 Govt. Secs 15/10/26, Fixed int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basic 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.90

Ordinary Share Index, Hourly changes — Day's High 1977.6 — Day's Low 1958.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1976.6	1973.8	1968.9	1969.5	1968.0	1966.6	1968.0	1966.0	1959.3

FT-SE 100, Hourly changes — *Day's High 2557.5* — *Day's Low 2541.3*

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2556.9	2553.2	2550.3	2551.8	2552.4	2551.5	2550.5	2548.8	2541.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1168.94 — Day's Low 1164.29

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1165.50	1165.38	1166.67	1168.97	1167.05	1165.76	1165.95

GILT EDGED ACTIVITY

Indices*	July 18	July 17
Gilt Edged Bargains	83.6	85.7
5-Day average	91.1	93.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Rothmans bought on stake talk

Rothman International, the tobacco and luxury goods company, advanced as word filtered into the market from South Africa that the company's 61 per cent stakeholder, Richemont, is to hold a presentation there to investors on July 24. Analysts in London and Johannesburg said that the event was unusual if not unprecedented. Richemont is the overseas arm of South African group Rembrandt.

The news rekindled an old story that Richemont might raise its stake in Rothmans. However, analysts in South Africa said it was more likely that the two would reorganise their holdings in Cartier, the French luxury goods group. Rothmans has 47 per cent of Cartier and Richemont practically all the rest of the shares. Last year, Rothmans rationalised its tobacco interests in preparation for a European single market after 1992. Richemont is based in Switzerland, outside the European Community.

Rothmans was 39 better at one point and ended the day at 1035p, a new high, for a net gain of 26. Traders said there was also support for the stock after recent brokers' downgradings of Bat Industries, down another 6 to 738p yesterday. At least one securities house, Hoare Govett, has recommended switching from Bats to Rothmans.

Beazer upset

The recent recovery in Beazer shares, from a profits warning-induced slide, was halted by the suspension of shares in the the group's Asian subsidiary, on the the Hong Kong market.

Beazer shares on the London market collapsed to 70p at one point yesterday before steadying to close a net 9 lower at 80p. Turnover reached 4.7m shares.

Dealers marked down Beazer shares as soon as the news emerged, with unconfirmed stories in the market suggesting that the company had incurred a big penalty payment on a Hong Kong construction contract.

Analysts and sector specialists were dismayed at the news. One said that the news from Hong Kong, with Beazer Asia regarded as one of the jewels in the company's crown and a big profit centre for the group, was yet another blow to the company's credibility. "Confidence in Beazer, fragile at the best of times, is now shot to pieces," said one specialist.

Share placing

Profit taking after a recent run saw Tomkins ease a penny to 349p as the company's 4.6 per cent stake in Low & Bonar, representing 3.6m shares, was placed with institutions by Smith New Court.

Tomkins this week held presentations to investors in Scotland, and there was speculation in the market yesterday about reasons for the sale of the Low stake. One view was that the cash would simply go towards the company's next acquisition. This might be big enough to require a rights issue from the company, said one analyst. Low & Bonar closed 4 lower at 243p.

One of the best performers of the day in the FT-SE 100 was Lonrho. The shares firmed 6 to 265p on news that the company's South African precious metals mining business, Western Platinum, had just concluded "highly successful" technical and marketing talks in Moscow with Soviet platinum producers.

Wellcome slipped 7 to 711p ahead of a decision by the advisory committee of the US Food and Drug Administration over what level of approval to give to ddI, an Aids treatment made by US company Bristol Myers Squibb. Wellcome supplies the only currently approved Aids treatment, Retrovir.

BP shares, chased higher for much of the week amid bullish stories about the group's recent Colombian oil discovery, ran into a bout of profit-taking and switching which left BP 7½ lower at 347p and Shell marginally ahead at 533p.

Turnover in BP, where dealers have been front-loading their trading books ahead of Monday's exploration and production presentation to US institutions, reached 5.1m shares, while that of Shell reached 2.5m.

British Gas encountered profit-taking but remained sharply higher over the week after news of a joint venture in the Soviet Union. It was described by one sector specialist as Gas's entry ticket to what could be the biggest prize in the world gas market: "the restructuring of the Soviet gas industry." Gas slipped 1¼ to 268¼p on big turnover of 13m.

Recent broker recommendations drove Burmah higher, to close another 15 better at 569p. Lingering worries about a possible fund-raising operation, either a straight rights issue or asset sale/swap, continued to depress Ultramar which lost 6 to 259p; turnover of 2.2m included a handful of unusually big deals.

Lasmo edged up 5 more to 360p, still sustained by the favourable treatment the company will receive over the development of the Columba field in the North Sea.

Maxwell Communications recovered from recent weakness as US securities house Goldman Sachs bid heavily for stock. The shares firmed 6 to 193p as volume climbed to 6m shares. The last three days have seen the heaviest trading in Maxwell for almost a year. Buying by the same broker helped the shares rise sharply in April.

Womens clothing maker Ritz Design added 11 at 152p as the company said it had received a merger proposal.

The recent rise in bank shares ran out of steam after the County NatWest team said said the sector "looks too expensive to represent a recovery buy at this stage in the cycle". County recommended an underweight stance, saying sell Lloyds (unchanged at 352p) and NatWest (5 off at 319p).

Utilities were among the best performing areas of the market, with American and Continental buyers said to have made their presence felt in electricity and water stocks. The power generators, too, were said to have embarked on what dealers expected to be a recovery trend. Among distribution companies, Manweb rose 8 to 261p and the Package 45 to £2103. Water stocks showed big winners in North West, 15 higher at 377p on 1.9m, while Thames added 11 at 377p.

Tate & Lyle fell 4 to 382p as turnover rose to 5.5m on reports of a broker having reduced its profits forecast slightly. Suggestions that several lines of stock had been offered around the market contributed to Tate's weakness. Some analysts believe the additional turnover might have been the result of bond holders converting into, and then selling, shares. A second tranche of convertibles was issued recently to fund the acquisition of Bundaberg, the Australian sugar company.

Hillsdown eased 6 to 220p on turnover of 2.4m as between 5m and 6m more were said to be overhanging the market.

Morrison Supermarkets rose 6 to 280p as Hoare Govett raised its current year forecast to £70m from £65m. Despite absorbing the increase in value added tax, rather than pass it on to consumers, Morrison is still expected to record annual profit growth of 15 per cent. The shares were also helped by speculation that Aldi, the German supermarket group, might make an offer for Morrison.

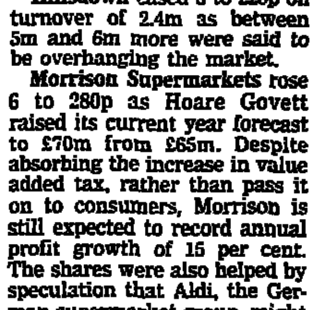
Rolls-Royce added 3 at 154p on turnover of 4m shares. SG Warburg, which issued buy advice on the stock on Thursday, was said to have been the day's main buyer. James Capel, however, cut profit expectations yesterday. Traders believed the broker had moved the current year number from £155m to £130m. Capel would not confirm the figures.

Capel was also responsible for a profit downgrade in British Aerospace, 3 lower at 557p. The broker blamed plans announced earlier this week by Rover, BAe's car making subsidiary, to cut car production. Capel would not confirm the widespread view that it now expected current year profits of £350m, down from £370m.

MARKET REPORTERS:
Daniel Green,
Jim McCallum, Joel Kibazo,
Steve Thompson

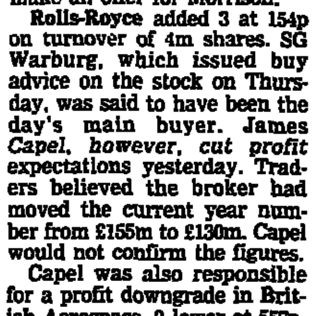
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (54).
BRITISH FUNDS (2) Fd. 3½pc 1999-04, Treas. 10pc 2001 B, AMERICANS (2) Rep NY, Utd. Tech., CANADIANS (1) Imperial Oil, BREWERS (1) Fosters, CHEMICALS (1) Plysu, ELECTRICALS (3) FKI, Hoskyns, Life Sciences, ELECTRICITY (1) National Power, ENGINEERING (4) Johnson & Firth, Kvaerner B, Molins, Rotork, FOODS (4) Dalepak, Morrison (Wm), Do 5¼pc Prf., Shoprite, INDUSTRIALS (11) Brit. Polythene, Colorgen, De La Rue, Inchcape, Kalon, RCO, Reckitt & Colman, Reliance Security, Scapa, Shanks & McEwan, Worthington (A.J.), LEISURE (2) Central ITV, LWT 3.9375pc Prfd., NEWSPAPERS (1) Blenheim, PAPERS (1) Arjo Wiggins Appleton, PROPERTY (2) Rowlinson, Slough Ests. 8¼pc Prf., TEXTILES (1) Rothmans Intl. B, TRUSTS (18) Alliance, Edinburgh, Flmg. American, Do. Cnv. 1998, GT Chile Fd Units, Genesis Chile Fd. Ptg., Korea Europe, Law Deb., Second Alliance, TR Pacific, OILS (3) British Gas, Crusader, Ranger, MINES (4) Deelkraal, Julia, Mount Burgess, Randfontein Ests.

NEW LOWS (38).
BANKS (2) Bank Leumi Le-Israel, First Natl. Finance, BREWERS (1) Macallan-Glenlivet, BUILDINGS (1) Albrighton, CHEMICALS (2) Evode, Do. 7p Prf., ELECTRICALS (2) Emess, Trace Computers, ENGINEERING (1) Aerospace, HOTELS (1) Savoy A, INDUSTRIALS (16) Brit. Bloodstock, Cosalt, Gestetner, Grovewood, Hadleigh, Lincat, Nu-Swift, Photo-Me, SEP, Whitecroft, INSURANCE (1) Utd. Friendly B, LEISURE (2) Cityvision, Thames TV, MOTORS (1) Caffyns, PROPERTY (1) Greycoat, TRUSTS (9) Carlisle 4.35pc Rd. Prf., City Merchants High Yld., Ensign, Gresham House, Korea Liberal Wrrnts., Malaysian Emrg. Wrrnts., Murray Ventures, Schroder Japanese Wrrnts., Worth, OILS (5) Edinburgh, Kingston, Presidio A, Richmond, Ultramar.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	4	45	34	191	114	111
Corps, Dom. & Foreign Bonds	6	0	14	23	10	67
Industrials	283	217	1,016	1,491	1,139	4,949
Financial and Props	104	124	510	631	585	2,481
Oils	22	22	46	103	106	241
Plantations	0	0	10	0	2	48
Mines	29	48	80	126	193	479
Others	50	50	46	193	282	265
Totals	498	506	1,756	2,758	2,431	8,641

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	59	580	+20
ASDA Group	3,000	83	
Abbey National	2,100	282	+2
Albert Fisher	984	115	
Allied-Lyons	534	557	-5
Amstrad	1,800	48	
Anglian Water	154	377	+9
Argos	159	315	-1
Argyll Group	3,500	310	-1
Arjo Wiggins	1,300	275	
Ass. Brit. Foods	498	522	+3
BAA	690	416	-1
BAT Inds.	886	738	-6
BET	547	136	+1
BICC	684	447	+1
BOC	219	578	-1
BPB Inds.	2,300	187	+7
BTR	2,200	403	+1
Bank of Scotland	1,800	115	
Barclays	2,400	467	+2
Bass	387	927	-8
Beazer	4,700	80	-9
Beresford Int.	525	38	
Blue Circle	836	250	+1
Boots	1,700	398	-2
Bowater	153	841	+7
Brit. Aerospace	803	557	-3
British Airways	1,100	189	+2
British Gas	13,000	268¼	-1½
British Land	398	288	
BP	5,100	347	-7½
British Steel	4,100	124	+1½
British Telecom	4,500	380	-5½
Bunzl	823	91	-1
Burmah Castrol	1,100	569	+15
Burton	2,800	40	-½
Cable & Wire.	1,800	564	-7
Cadburys	387	354	+2
Calor Group	71	228	-1
Carlton Comms.	2,100	477	-2
Coats Viyella	2,300	181	+2
Comm. Union	420	517	+3
Cookson	1,100	113	+3

	Volume 000's	Closing Price	Day's change
Courtaulds	546	430	-1
Dalgety	478	395	-1
De La Rue	371	424	+1
Dixons	1,000	215	
ECC Group	748	442	-5
Eastern Elect.	763	185	+4
East Midland Elect.	743	198	+4
Enterprise Oil	1,400	544	+1
Eurotunnel Units	95	456	
FKI	2,800	68	+3
Ferranti	2,400	8½	+½
Fisons	644	505½	-½
Forte	478	247	+1
Gen. Accident	230	523	-2
General Elect.	6,400	185	-4
Glaxo	2,700	1274	+11
Glynwed Int.	803	233	+6
Granada	3,200	144	
Grand Met.	1,300	775	-12
GUS A	178	1248	-11
GRE	6,300	179	-2
GKN	1,300	350	-2
Guinness	573	981	+1
Hammerson "A"	8	592	-1
Hanson	8,100	208½	+1½
Hanson Warrants	286	33½	+½
Harrisons Crosfield	827	141	+1
Hawker Sidd.	1,200	556	-13
Hillsdown	2,400	220	-6
IMI	511	245	+1
ICI	529	1287	-7
Inchcape	1,600	388	
Kingfisher	615	517	+1
Ladbroke	751	244	+1
Land Securities	314	487	+2
Laporte	58	553	
Legal & General	1,100	419	+2
Lloyds Abbey	110	409	+2
Lloyds Bank	1,300	352	
LASMO	3,000	369	+5
London Elect.	1,300	199	+5
Lonrho	2,600	265	+6
Lucas	485	139	-5

	Volume 000's	Closing Price	Day's change
MB Caradon	563	229	
MEPC	65	444	+2
Manweb	715	261	+8
Marks & Spencer	2,300	267	
Maxwell Comms.	6,000	193	+6
Midland Bank	1,400	194	-2
Midlands Elect.	1,200	305	+4
NatWest Bank	2,800	319	-5
National Power	9,200	148½	+3½
Next	473	28	-½
North West Water	2,200	377	+15
Northern Elect.	689	216	+3
Northern Foods	782	476	+6
Norweb	194	222	+7
Pearson	158	738	-2
P & O	1,400	556	+4
Pilkington	789	152	
PowerGen	3,100	150½	+½
Prudential	3,700	238	+2
RHM	634	278	+2
RMC	712	640	-15
RTZ	1,800	582	-7
Racal	5,600	225	+4
Racal Telecom	558	365	+8
Rank Org.	825	557	-9
Reckitt & Colman	460	1057	-8
Redland	425	559	-7
Reed Intl.	577	440	+4
Reg. Elect. Ptg Uts	4	£2103	+45
Rentokil	85	334½	-2½
Reuters	801	774	-11
Rolls Royce	4,000	154	+3
Rothmans	445	1035	+26
Ryl Bk Scotland	398	182	+1
Royal Insurance	1,000	403	-1
Saatchi	168	18	
Sainsbury	1,600	372	+2
Scottish & New.	2,000	411	-8
Scot. Hydro-Elect.	5,900	113	+2
Scottish Power	19,000	104	+1
Sears	2,300	75½	+1
Sedgwick	1,300	280	+8
Seeboard	660	200	+6

	Volume 000's	Closing Price	Day's change
Severn Trent Water	2,500	339	+7
Shell Transport	2,500	533	+1
Siebe	462	488	-3
Slough Ests	137	247	+2
Smith (W.H.) A	360	419	-3
Smith & Nephew	4,400	132	-½
SmKl Beecham	2,400	827½	+8½
SmKl Beecham Uts.	144	3585	+22
Smiths Inds.	410	258	-1
Southern Elect.	383	197	+2
South Wales Elect.	26	253	+3
South West Water	110	357	+5
South West. Elect.	305	202	+7
Southern Water	697	341	+11
Standard Chartd.	182	341	+2
Storehouse	511	108	+1
Sun Alliance	307	365	-1
T&N	203	148	
TI Group	344	549	+1
TSB	2,000	145	+1
Tarmac	1,300	223	+1
Tate & Lyle	5,800	382	-4
Taylor Woodrow	285	209	-3
Tesco	2,400	282	-4
Thames Water	1,800	377	+11
Thorn EMI	804	720	-11
Trafalgar House	802	239	
Ultramar	2,300	258	-7
Unigate	24	289	+1½
Unilever	1,600	747	+4
United Biscuits	357	375	
Utd. Newspapers	675	398	+2
Wellcome	557	711	-7
Welsh Water	828	382	+10
Wessex Water	402	307	
Whitbread 'A'	1,500	482	+2
Williams Hldgs.	2,600	315	+1
Willis Corroon	1,000	325	+5
Wimpey	518	172	-3
Yorkshire Elect.	586	238	+5
Yorkshire Water	69	383	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures ended the week treading water after the strong gains on Monday and Tuesday, while traded options activity was boosted by large professional trades in British Steel, writes Jim McCallum.

The September FT-SE 100 index contract began the session firmly, following the lead of the cash market. But with little support coming from the main European equity markets and Wall Street weaker, London shares slid into negative territory.

Equity futures appeared content to follow the stock market lower with little independent direction of its own until a large seller of futures appeared late in the day.

The Bank of England's decision to tap the gilt market for £1bn when it issued longer-dated stock knocked ½ point off government securities and kept equities on the defensive.

September FT-SE closed at 2,568, down 3 points on the day but 28 points up on the week. September's premium over the spot index ended at 27 points, compared with fair value of 25. In the traded options market, British Steel turnover expanded as one securities house sold 1,000 October 120 calls and 1,000 October 120 puts. Dealing in the options market was low, although BP January 360 calls and Scottish Power September 100 calls were busy.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.4884	+0.442	10.83	10.89	11.32
BELGIUM		10.000	08/00	103.1500	-0.100	9.46	9.38	9.28
CANADA *		9.750	12/01	98.8250	+0.250	9.93	9.95	9.99
DENMARK		9.000	11/00	97.9000	-0.275	9.33	9.27	9.23
FRANCE	BTAN	9.000	02/96	99.0517	+0.072	9.23	9.18	9.29
	OAT	9.500	01/01	102.0100	-0.080	9.15	9.05	9.21
GERMANY		8.375	05/01	98.3000	-0.380	8.63	8.54	8.31
ITALY		12.500	03/01	97.8800	-0.060	13.30	13.18	13.28
JAPAN	No 119	4.800	06/99	88.0053	+0.030	7.18	7.18	7.36
	No 129	6.400	03/00	98.2741	+0.136	6.72	6.74	6.89
NETHERLANDS		8.500	03/01	97.7400	-0.140	8.84	8.76	8.62
SPAIN		11.900	07/98	99.4750	-0.300	12.03	11.81	11.93
UK GILTS		10.000	11/96	98-28	-03/32	10.27	10.26	10.42
		10.000	02/01	98-20	-08/32	10.23	10.22	10.55
		9.000	10/08	92-00	-18/32	9.98	9.97	10.21
US TREASURY *		8.000	05/01	98-05	+03/32	8.28	8.24	8.34
		8.125	05/21	96-07	-01/32	8.47	8.43	8.53

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday July 18 1991

Health & Household	+	41.12
Packaging, Paper & Printing	+	38.32
Gold Mines Index	+	35.36
Chemicals	+	35.36
Textiles	+	34.39
Telephone Networks	+	28.18
Business Services	+	27.70
Electricals	+	26.82
Other Industrial Materials	+	25.15
Other Groups	+	23.22
Consumer Group	+	21.38
Banks	+	20.79
Engineering-General	+	20.52
Investment Trusts	+	20.48
Electricity	+	20.30
Industrial Group	+	20.29
Food Retailing	+	19.95
Merchant Banks	+	19.35
Stores	+	18.75
500 Share Index	+	18.58
All Share Index	+	17.67
Insurance(Life)	+	16.46
Brewers and Distillers	+	14.59
Media	+	14.12
Conglomerates	+	13.84
Food Manufacturing	+	13.61
Capital Goods	+	13.33
Insurance(Brokers)	+	13.21
Transport	+	12.81
Electronics	+	11.77
Financial Group	+	11.62
Oil & Gas	+	8.89
Metals & Metal Forming	+	8.54
Motors	+	7.69
Insurance(Composite)	+	7.69
Water	+	7.60
Building Materials	+	5.01
Engineering-Aerospace	+	3.47
Hotels & Leisure	+	1.28
Contracting,Construction	+	0.93
Property	-	7.84

COMMODITIES

WEEK IN THE MARKETS

Coffee market goes into reverse

COFFEE PRICES went into reverse after the Brazilian frost that had been predicted for last weekend failed to materialise. The £8 a tonne rise that the frost fears had encouraged was quickly eliminated as the September position on the London Futures and Options Exchange dipped to a low of £538 a tonne at one point.

A moderate rally was staged yesterday morning following an upward correction on the New York market, where futures prices had become oversold. But the market continued to be weighed down by the strength of sterling against the dollar and the September price finished unchanged on the day and down £24 on the week at £540 a tonne.

In view of the present sombre mood in the coffee market traders took little comfort from a revelation that Colombian officials had suggested to their Brazilian counterparts that the two countries should each withhold 10 per cent of their exportable production from the market in an attempt to lift world prices.

Leaders of Brazilian coffee producers are reported to have shown "polite interest" in the plan, but the country's exporters have serious reservations about whether it can work.

Sentiment at the cocoa futures market was also gloomy this week following the recent failure to break resistance at £620 to £625 a tonne for the September position. With sterling's rise adding to the downward pressure the September price ended the week £3 down at £615 a tonne.

A slide in sugar prices was arrested on Thursday, when rumours began circulating that the Soviet Union had been swapping crude oil for sugar. Some traders suggested that Moscow night be looking for as much as 500,000 tonnes of whites.

Yesterday morning the London daily raw sugar price, which had earlier fallen to $274 a tonne, was fixed at $280 a tonne, down $5 on the week. But on the futures market prices were easing back somewhat, reflecting disappointment at the muted overnight response to the Soviet rumours of Far Eastern operators.

At the London bullion market a basically quiet week was enlivened by Wednesday's news that workers at Impala's Bafokeng South mine in South Africa had gone on strike for the second time this month. But initial price gains were quickly trimmed by profit-taking, and when news came through yesterday that the stoppage was over only a $2.10-a-troy-ounce fall was required to take the price back to square one.

The strike was in protest at disciplinary action against a worker for alleged intimidation during the original one-day strike on July 4, which was in support of a wage demand.

The amount of production lost will not be known for at least six weeks, according to Mr Michael McMahon, managing director of Impala. The company is the world's second-biggest platinum producer and Bafokeng South accounts for between 20 and 25 per cent of its output.

Gold traded quietly as dealers awaited the outcome of the G7 summit meeting and the price ended $2.60 up on the week at $370.75 an ounce.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+25,275	to 483,550
Copper	+4,250	to 255,350
Lead	-25	to 83,950
Nickel	+1,884	to 4,302
Zinc	+2,125	to 118,250
Tin	+35	to 14,345

At the London Metal Exchange activity was similarly restrained despite further big rises in aluminium stocks and news that the Chilean copper miners' strike was over.

Tuesday's news of a 6,750-tonnes rise in LME aluminium stocks brought little reaction and neither did yesterday's announcement of a further 25,275-tonne rise to a record 483,550 tonnes. In between, however, anticipation of yesterday' announcement had pushed the market lower and the cash quotation closed yesterday at $1,303 a tonne, down $4.50 on the week.

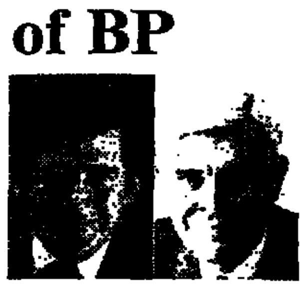
The settlement at the weekend of the two-week strike at Chile's Chuquicamata, the world's biggest copper mine, led to modest price falls in the LME copper market on Monday. But these were more than recovered in response to the announcement on Tuesday of a bigger-than-expected 11,475-tonne fall in LME warehouse stocks of the metal. However, the combined impact yesterday of a 4,250-tonne stocks rise to 255,350 tonnes and continued sterling strength left copper's cash price down £24 on the day and £31 on the week at £1,306 a tonne.

In the nickel market further easing of nearby supply tightness saw the cash premium over three months metal eliminated in mid-week. Although the premium quickly returned, at last night's close it stood at only $5 a tonne, compared with $50 at the end of last week and $212.50 a week before that.

Richard Mooney

APPOINTMENTS

Managing directors of BP



■ Mr E. John P. Browne and Mr Russell Seal become managing directors of THE BRITISH PETROLEUM COMPANY from September 7. Mr Browne will continue as chief executive of BP Exploration, and Mr Seal remains chief executive of BP Oil. Sir Patrick Wright will be appointed a non-executive director from October 1. He retired last month as permanent under secretary of state at the Foreign and Commonwealth Office, and head of the diplomatic service in the UK. Sir Lindsay Alexander, a non-executive director, and Mr Patrick Gillam, a managing director, retire from the board on September 6.

■ Mr Patrick Cooper, a director of Goode Durrant, has been appointed a non-executive director of de MORGAN GROUP. He will become non-executive chairman of the group from August 16, succeeding Mr David McWilliam who is retiring.

■ WACE GROUP has promoted Mr Brian Dudley to UK managing director. He was group finance director, and will also assume overall responsibility for European operations. He is succeeded by Mr Stephen Puckett who was corporate finance director. The company says these appointments will free Mr John Clegg, group managing director, to undertake a more global role in furthering activities in the US and Europe.

■ ALBERT E. SHARP, stockbrokers, has appointed Mr Chris Mustin, Mr Richard Woodgate and Mr Dal Maker as directors, and Mr David Jupp and Mr Martin Baines as associate directors.

■ CCG CATERING has promoted Mr Oliver Parker to operations director, and Mr Peter Graves to business development director, both based in London.

■ Mr Sean Williams has been appointed managing director of WILLIAMS LEA & CO, financial printers.

■ Mr Peter Burdon (*pictured*) will take over as managing director of BRITANNIA LIFE, Glasgow, following the retirement of Mr Andrew Scobbie on September 1. Currently deputy managing director, and managing director of its investment subsidiaries, Britannia Life Unit Managers, and Britannia Life Investment Managers, Mr Burdon is responsible for the group's sales and marketing, systems, investment and customer services activities. Mr Scobbie recently became chairman of Origo.

Mr David Cowie (*pictured*) has been appointed a director of MANCHESTER BUILDING SOCIETY. He is chief financial officer and secretary.

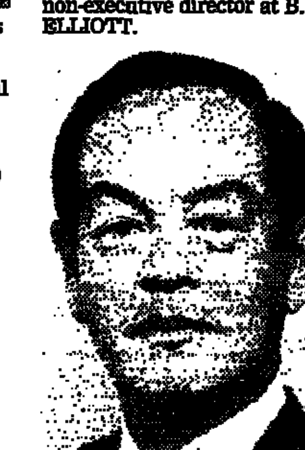
■ THE CONTINENTAL INSURANCE COMPANY (UK) has made the following appointments: Mr W. Vic Dobbs, chairman and managing director; Mr James Fleming, underwriting manager and director; Mr Imran Zuberi, development manager; Mr John E. Taylor, underwriting manager, property; Mr Barry Fawcett, claims manager; and Mr Nicholas A. Waymark, underwriter, personal accident.

■ Mr Bernard Bruynseels has been appointed chief financial officer of the A.J. WORTHINGTON (HOLDINGS) group, and becomes a director of D. Steinberger. Mr Dennis Cave, fomerly senior technologist with Marks and Spencer, has been appointed technical adviser to the Worthington group.

■ BARBOUR-BUILDER, part of Barbour Index, has appointed Mr Christopher Leonard-Morgan as marketing director. He was managing director of Benn Retail Publications.

■ Mr Steven Edwards has been appointed managing director of the EAST ANGLIAN DAILY TIMES CO, Ipswich. He is managing director of Thames Valley Newspapers, Reading, part of Thomson Regional Newspapers. He takes up his new post in October, succeeding Mr Stuart Garner who has joined Thomson Regional Newspapers as editorial director.

■ Sir Norman Fowler, MP, has been appointed a non-executive director at B. ELLIOTT.



Mr Yukihisa Hirano (*pictured*) has arrived in Britain to take up his appointment as managing director of TOYOTA MOTOR MANUFACTURING (UK), completing Toyota's senior UK management team. He will be based in Derby.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	48.63	48.63	52.01	-0.02	6.67
Gilts & Fixed Int	6	112.9	112.9xd	119.7	+0.5	9.61
High Inc Equity	6	132.5	136.2xd	144.8	+0.2	5.87
Worldwide Bond	6	205.5	205.5	217.8	-1.0	6.89
Capital Growth						
American Growth	6	201.0	201.0	214.7	-1.2	1.02
Asian Pacific	6	130.9	133.8	142.3	+0.3	1.10
Assets & Earnings	6	174.2	178.1	189.4	+0.4	3.05
Capital Reserve Acc	0	105.6	105.6	105.7	...	7.18
Capital Reserve Inc	0	83.51	83.51	83.55	+0.01	7.18
Comdty & Energy	6	80.40	80.40	85.98	-0.15	1.73
1992 Enterprise	6	62.66	62.66	67.01	+0.31	2.88
Euro Capital Acc	6	88.04	88.04	94.16	+0.56	1.44
Euro Capital Inc	6	84.11	84.11	89.95	-0.52	1.45
General	6	169.4	169.4	181.1	...	2.76
Japan	6	96.45	96.45	103.1	-1.4	–
Mastertrust	6	89.23	89.23	95.43	-0.18	2.14
UK Growth Acc	6	153.9	153.9	164.5	...	2.75
UK Growth Dist	6	98.85	98.85	105.7	...	2.77
US Emerging Cos	6	67.62	67.62	72.32	-0.61	–
Income & Growth	6	297.7	297.7	318.3	+0.1	4.40
Ethical	6	49.03	49.03xd	52.43	+0.03	3.22
International	6	62.22	62.22	66.54	-0.15	1.32
Dividend & Growth	6	47.51	48.67xd	51.77	+0.08	5.79
Global Gwth & Sec	6	51.39	51.61	54.90	+0.02	1.82

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos ♥	0	951.0	951.0	1011.0	.....	–

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	18.89	18.89	19.94	.....	1.16
Progressive Acc	5	28.47	28.47	30.05	.....	1.16
International Inc	5	19.91	19.91	21.01	.....	1.40
International Acc	5	26.46	26.46	27.93	.....	1.40
Can & Foreign Inc	5	230.4	230.4	243.2	.....	0.95
Can & Foreign Acc	5	275.4	275.4	290.7	.....	0.95
Special Sits Inc	5	206.2	206.2	217.6	.....	2.80
Special Sits Acc	5	224.0	224.0	236.4	.....	2.80
PEP Inc	5	134.4	136.3	143.8	.....	1.80
PEP Acc	5	143.5	145.4	153.5	.....	1.80
Growth Inc	5	81.74	81.74	86.27	.....	0.78
Growth Acc	5	82.08	82.08	86.63	.....	0.78

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	117.6	117.6xd	125.7	-0.3	3.70
Dolphin Dividend	5½	62.79	62.79	67.15	+0.11	6.55
Dolphin Int Inc & Gth	5½	159.0	159.0xd	170.0	.....	3.67
Dolphin UK & Gen	5½	34.00	34.20	36.57	+0.12	2.92
Dolphin Fund of Funds	5½	47.29	48.99	52.39	-0.19	2.86

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	74.11	74.61	79.79	.....	3.15
Do (Accum)	6	78.49	79.01	84.50	.....	3.15
Service Cos	6	60.62	60.62	64.83	.....	2.45
Do (Accum)	6	63.77	63.77	68.20	.....	2.45
Income Growth	6	42.19	42.19	45.13	-0.04	4.36
Do (Accum)	6	59.58	59.58	63.72	-0.06	4.36
Higher Yield	6	31.30	31.80xd	34.01	-0.01	4.49
Do (Accum)	6	40.13	40.13	42.92	-0.02	4.49
American Gth Inc	6	32.20	32.20	34.44	+0.12	1.51
Do (Accum)	6	32.81	32.81	35.10	+0.12	1.51
European Growth	6	25.92	25.92	27.73	+0.14	1.55
Do (Accum)	6	26.42	26.42	28.25	+0.14	1.55
Global Bond Inc	6	22.43	22.52	24.09	-0.02	6.47
Do (Accum)	6	25.92	26.03	27.84	-0.02	6.47
Managed P'folio Inc	6	24.84	24.92	26.65	+0.03	–
(Do Accum)	6	24.84	24.92	26.65	+0.03	–

Brown Shipley & Co Ltd (1000)F

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealing: 071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	133.4	134.5	143.1	+0.1	3.80
Gilt & Fxd Int	5	145.2	145.2	152.7	+0.3	8.29
Intl Growth	5¼	149.2	150.6	160.2	-0.5	0.43
North American ♥	5¼	98.00	98.00xd	104.3	+0.3	0.54
Far East	5¼	119.2	120.1xd	127.8	-1.4	0.45
UK Smaller Cos	5¼	100.7	100.7	107.1	-0.5	3.44
Europlaid	5¼	53.33	53.33xd	56.87	+0.34	1.01
Japanese Growth	5¼	36.82	36.82	39.46	-0.5	0.00
Managed P'folio	5¼	50.10	50.36	53.57	+0.86	1.34
High Income	5¼	148.6	150.4	160.0	.....	6.13
High Yielding Gilt	5¼	60.62	60.62	63.86	+0.81	9.82
Cash		51.27	51.27	51.27	.....	9.91

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9QG 0244 682066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M&S Inv P'folio	5½	111.0	111.0xd	118.7	-0.1	3.39
Do Accum	5½	118.9	118.9xd	127.1	.....	3.39
UK Sel P'folio	5½	95.87	95.87xd	102.5	.....	4.31
Do Accum	5½	102.1	102.1xd	109.1	.....	4.31

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	49.70	49.77	53.17	.....	5.00

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Actamen	5	69.66	70.01	74.72	-0.01	5.14
Actamen Reserve	3	64.39	64.39	66.31	.....	11.49
American Income	5	134.06	134.10	142.00	-0.20	3.19
Equity Income	5	83.48	83.48xd	89.10	-0.31	6.12
European	5	53.62	53.62	57.23	+0.20	1.66
Far Eastern	5	112.58	112.60xd	120.20	-0.60	1.77
Smaller Cos	5	42.92	42.92	45.81	-0.02	3.39
Olympiad	5¼	47.08	47.08	50.23	-0.10	1.19
Olympiad	5¼	43.80	43.80	46.75	-0.15	6.12

Rothschild Fund Management – Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
RAM PSAVC Scheme						
UK Major Co's	5¼	71.14	72.27	76.07	+0.06	–
UK Smaller Co's	5¼	45.54	47.00	49.47	-0.01	–
UK Income	5¼	64.99	66.12	69.59	+0.03	–
America	5¼	68.18	69.16	72.79	-0.26	–
Japanese	5¼	42.90	43.42	45.70	-0.45	–
European	5¼	62.92	63.12	66.44	+0.26	–
Canadian	5¼	50.76	52.31	55.06	-0.54	–
Australasian	5¼	35.57	35.89	37.77	-0.22	–
Gilt	5¼	63.43	63.50	66.84	-0.17	–
Deposit	5¼	66.62	66.62	70.12	+0.02	–

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	115.22	115.22	122.73	.....	2.60
Exempt Smllr Cos	3¼	220.67	220.67	240.01	+0.23	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

031-226 3271

Edinburgh Fund Mngrs PLC

Exempt Funds

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Standard Intl Inv Mngrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Alliance House, Horsham 0403 56293

Funds in Court*

*Restricted to monies under Court control

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Exempt Funds

Sun Life of Canada Unit Mgrs Ltd (1000)H

Basing View, Basingstoke, Hants 0800 525725

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Exempt Funds

Sun Life Trust Mngmt Ltd (1200)H

101, Cannon St. London EC4N 5AD

INSURANCES

OTHER UK UNIT TRUSTS

Assicurazioni GENERALI SpA

117 Fenchurch St, London EC3M 5DY 071-488 0733

Legal & General (Unit Pensions) Ltd

Kingswood House, Kingswood, Tadworth, Surrey 0737 370370

Merchant Investors Assurance Co Ltd

Part of the MI Group

91 Wimpole St, London W1M 7DA

Life Administration 0272 266366

Pensions Administration 081-686 9171

Unit Prices 081 784 2945 or 0272 752297

Continued on next page

FT MANAGED FUNDS SERVICE

● *Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.*

	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	107.0	112.7	-0.1	-
Pension Managed Fd	105.3	110 8	-0.8	-
Life Deposit Fd	108 1	113.8	...	-
Pension Deposit Fd	113.6	119.6	...	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury. HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	109.6	115.4	...	-
Managed Growth	136 6	143.8	-0 4	-
Managed Opportunity	138.0	145.3	-0.3	-
NFMC Target Financial	102 7	108.2	-0 2	-
Pension Funds				
Managed Cautionary	119.9	126.3	...	-
Managed Growth	144 6	152.3	-0.4	-
Managed Opportunity	138.3	145 6	-0.3	-
NFMC Target Mngd Pen.	1526 4	1606 8	-1.5	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	163 7	172.4	...	-
UK Equity	171.8	180 9	...	-
Overseas Equity	138.9	146.3	...	-
Fixed Interest	146.6	154 4	...	-
Property	127.8	134 6	...	-
Index Linked	146.5	154.3	...	-
Deposit	158.4	166.8	...	-
With Profits (B)	129 9	136.8	...	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	353 9	372.6	-0.2	-
UK Equity	445 6	469.1	-0.3	-
Overseas Eq	349.8	368.3	+0.4	-
Americas	290 7	306.1	-0.3	-
Far East	376.5	396 4	-3 7	-
Property	192 2	201.3	...	-
Fixed Int	259.3	273 0	+0 1	-
Indexed Gilt	155.2	163.4	+0.3	-
Deposit	183.2	192.9	...	-
Pension Fund (Accum Units)				
Managed	504 1	530 7	...	-
UK Equity	596.5	627.9	...	-
Overseas Eq	579 4	609 9	-0.3	-
Americas	373 0	392.7	+0.1	-
Far East	620 0	652 7	-4.4	-
Property	241.7	254.5	...	-
Fixed Int	322 0	339 0	+0.5	-
Indexed Gilt	170.3	179.3	+0.1	-
Deposit	257 4	271 0	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1076 6	1095 8	...	-
Prices July 1 Next dealing August 1				
Norwich Union Asset Management Ltd				
PO Box 140, Norwich NR3 1PP 0603 622200				
NUAM Funds				
Managed Fund	72.4	76 2	...	-
Stock Market Mngd Fund	71.4	75 2	...	-
Equity Fund	79.5	83 7	...	-
International Fund	64.2	67 6	-0.1	-
European Fund	64.5	67 9	+0.3	-
North American Fund	74 4	78.3	+0 1	-
Pacific Fund	69 9	73 6	-0.3	-
Property Fund	80.5	84 7	...	-
Fixed Interest Fund	59.0	62 1	+0 1	-
Index linked Sec Fund	61 6	64 9	+0.1	-
Deposit Fund	70.3	74 0	...	-
NUAM Retirement Plans				
Mixed Fund	79 6	83 7	-0 1	-
UK Ordinary Share Fd	92 6	97.5	...	-
International Fund	68.6	72.2	-0 1	-
Property Fund	82.6	86 9	...	-
Fixed Interest Fund	72 0	75.8	+0 1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	152.0	160.5	...	-
Accum Equity	218 5	230.5	...	-
Accum Managed	227 5	240 0	...	-
Accum Five Star	171.0	180 5	-1.0	-
Accum World	125.0	132.0	-0.5	-
Accum Lifetime	110.2	110 2	+0.3	-
Pens Acc Equity	235.5	248.5	...	-
Pens Acc Managed	288.5	304 0	...	-
Pens Acc Intl	214.5	226.0	+0.5	-
Pens Acc Deposit	201.0	212.0	...	-
Pens Acc Five Star	187.5	198 0	-0.5	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	226.0	238.4	-0.3	-
UK Fixed Int Acc	177.3	187.1	+0.5	-
Intl Equities Acc	177 1	186.9	-0 8	-
UK Managed Acc	174.2	183 7	-0.3	-
Property Acc	224 1	236 4	...	-
Money Acc	130 1	137.3	...	-
Special Market Acc	140.7	148.5	-1.2	-
Japan Equity Acc	102.2	107 9	-1.5	-
North American Acc	108.3	114 3	-0.1	-
Pacific Acc	96.2	101.5	-0.7	-
Technology Acc	126 1	133.1	-1.6	-
Nat Resources Acc	63 1	66.6	-0.7	-
European Acc	101.0	106.6	...	-
Residential Prop Acc	96 2	101.5	...	-
Swiss Equities Acc	35.4	37 4	+0.1	-
Hong Kong Acc	69 7	73.6	-0 1	-
UK High Inc Eq Acc	72.9	76 9	+0.1	-
Int Fixed Interest Acc	57.7	60.9	...	-
Int Managed Acc	56 7	59.8	-0.2	-
HIP Managed Acc	118 0	124 4	-0.4	-
HIP Managed II Acc	100 0	105 4	-0.4	-
HIP Managed III Acc	107.0	112.8	-0.3	-
Total Investment Bond				
UK Equity Initial		153.7	-0.3	-
UK Fixed Int Initial		120.8	+0.3	-
Intl Equities Initial		119 9	-0.4	-
UK Managed Initial		118.8	-0 1	-
Property Initial		153.7	-0.1	-
Money Initial		89 1	...	-
Special Market Initial		109.3	-0 9	-
Japan Equity Initial		79.4	-1.1	-
North American Initial		84.2	...	-
Pacific Initial		74 7	-0 6	-
Technology Initial		98 0	-1.1	-
Nat Resources Initial		49 0	-0 5	-
European Initial		90.7	...	-
Residential Prop Init		91.9	...	-
Swiss Equities Initial		33.8	+0 2	-
Hong Kong Initial		66 7	-0.1	-
UK High Inc Eq Init		69.6	+0.1	-
Int Fixed Interest Init		55 9	...	-
Int Managed Init		55 1	-0.1	-
HIP Managed Init		114 7	-0.4	-
HIP Managed II Initial		98.5	-0.3	-
HIP Managed III Init		106 6	-0.3	-
Broker Funds				
High Performance	72.7	76.6	-0.1	-
Towerhill Mngd Fd Acc	49 8	52.5	-0 8	-
YRA Executive Fd	94.9	100.1	-0.3	-
£ Global Growth Acc	130.0	137 1	-0.6	-
£ High Income Mnon Acc	140.9	148.6	...	-
IM Balanced		54.9	-0.2	-
H.F. Speculator Fd		127 8	-1.3	-
PEP Accrn II		113.0	+0.3	-
PEP Cautionary		100.0	...	-
AAFS Inc Man Fund		125.5	...	-
Andrews-Green Inv Port		84 6	-0.2	-
Individual Pension Funds				
UK Equity Acc	247.7	261.3	-0.4	-
UK Fixed Interest Acc	225 4	237.8	+0.6	-
Intl Equities Acc	227.3	239.8	-1.1	-
UK Managed Acc	190.2	200 6	-0.3	-
Property Acc	199.8	210.8	...	-
Money Acc	163.5	172.5	+0.1	-
Special Market Acc	223 1	235.4	-1.9	-
Japan Equity Acc	162.2	171.1	-2.3	-
North American Acc	133.3	140 7	-0.1	-
Pacific Acc	179.9	189 8	-1.4	-
Technology Acc	163.4	172.4	-2.2	-
Natural Resources Acc	98.6	104.1	-1.3	-

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$767.60		.....	-
Fixed Intermediate Shares	$891.33		.....	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mega Growth	$10.09		-0.03	-
Yamaichi US Fund	$7.49		-0.02	-
Yamaichi CB Plus Fund	$8.00		-0.02	-
Thai Inv Fund	$9.17		.....	-
Yamaichi OTC Equity (z)	$9.46		-0.06	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin 010 353 1760 690						
GAM Universal US$ Mkr Acc		$-	108.65xd		.....	-
GAM Universal US$ Mkr Inc		$-	106.56xd		.....	-
GAM Universal DM Acc		DM-	122.38xd		.....	-
GAM Universal DM Inc		DM-	118.75xd		.....	-
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.99	1.06	+0.01	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scag	99.32	9.60		-
European Bond	[illegible]	[illegible]	.....	-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett – Contd.						
Far East Equity	5½	$10.68	10.68	10.78		1.0
US Smaller Cos	5½	$12.72	12.72	12.84	+0.11	1.0
European Equity	5½	[illegible]	13.84	13.98	+0.04	2.0
UK High Income	5	£4.73	4.73xd	4.75	-0.01	10.75
UK Equity	5½	£4.88	4.08	4.92	-0.01	3.0
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£2.167	2.167	1.239	[illegible]	9.69
Offshore High Yield	3½	£1.417	1.423xd	1.475	+0.01	12.71
Global Equity Fund	5½	[illegible]	14.49	15.50	+0.15	0.66
European Equity	5½	[illegible]	10.53	9.82	+0.04	0.99
UK Growth (CI) Fund	5½	£4.665	4.665	4.989		2.64
Jtth American Eqty	5½	$10.25	10.25	10.93	+0.09	0.50
Far Eastern Eqty	5½	£10.46	10.63	11.37	+0.11	0.10
International Eqty	5½	£10.63	10.63xd	11.37	-0.07	0.53
Intnl. Bond Fund						
Sterling Managed	5½	£10.35	10.35xd	11.04		9.27
US Dollar Managed	5½	$12.68	12.68xd	13.51	+0.05	6.34
International Currency Fund						
Sterling Managed ‡	5½	£26.61	26.61	28.16		-
US Dollar Managed ‡	5½	$29.67	29.67	31.40	+0.03	-
Sterling ‡ ♦	0	£25.34	25.34	25.34	+0.01	10.56
US Dollar ♦ ‡	0	$38.20	38.20	38.20	+0.01	4.48
Deutschmark ♦ ‡	0	DM60.63	60.63	60.63	+0.02	7.50
Japanese Yen ♦ ‡	0	Y4.883	4.883	4.883	+1	5.96
Swiss Franc ♦ ‡	0	SF47.12	47.12	47.12	+0.01	6.51
Irish Punts ♦ ‡	0	£22.39	22.39	22.39		6.45
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5½	£0.1715	0.1715	0.1807	[illegible]	9.13
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195 St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	£9.321	9.336xd	9.580	[illegible]	11.06
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Contl Portfolio	6	[illegible]	1.0238	1.0864	[illegible]	1.62
Gilt	3	[illegible]	0.9153	0.9438	[illegible]	10.60

	Bid Price	Offer Price	+ or -	Yield Gross
Scrimgeour Kemp-Gee Mngmt., Jersey				
SKG Capital Fund	559.4	583.2	.....	-
SKG Income Fund	83.4	87.8	.....	8.05
TSB Trust Funds (CI)				
TSB Jsy Equity Fd	40.8	43.0xd	-1.5	2.91
TSB G'sey Equity Fd	40.8	43.0xd	-1.5	2.91
TSB Island Pension	295.4	309.0		-
TSB Gilt Fd (Jsy) Ltd	95.84	98.86xd	+0.20	10.82
Target Internat. Management (Jersey) Ltd				
Ivory Growth Fund	£12.89	13.09xd		2.14
Target Global Unit Tst.	£8.56	8.90		
Target Growth Asian Inc Tst.	£9.63	9.75		
Target IPSL Univ Oppt.	£10.25	10.39		
Carnshaw Global Strtgy	£9.63	10.12		
Target LFM Defensive Strtgy	£10.39	10.92		
Tyndall International (Jersey) Ltd				
Gilt Fd.	114.91	120.30		
(Accum Shares)	595.45	625.30		
Managed Currency Stlg	118.0	125.0		
Managed Currency Dllr	$1.03	1.09		
International	351	369		
Warburg Asset Management Jersey				
Ch Island & Int.	£1.37	1.47		
Energy Int.	$121.05	128.67		
Mercury Bond July 17	$27.42	28.81		
Metals Trust July 18	£14.25	14.60		
Merc Money Mkt. Stlg.	£39.79			
Mercury International Inv Trt Ltd				
Contl Europe Fd	£63.74	68.26		-
Nth America Fd	£43.31	46.32		-
Japan Fd	£44.65	47.78		-
Pacific Fd	£46.50	49.81		-
Reserve Fd	£50.15	52.66		-
Wardley Fund Managers (Jersey) Ltd				
Wardley Funds Limited				

	Bid Price	Offer Price	+ or -	Yield Gross
Tyndall International (Bermuda) Ltd				
American Special Sits.	$50.98	53.54	+0.34	-
Capital Protection (z)	C$11.81	12.40	.....	-
Commodity	$15.60	16.39	-0.17	-
Eurobond	$31.81	33.41	+0.02	-
Money (z)	$37.42	39.30	+0.01	6.84
Mortgage (z)	C$16.18	16.99	.....	-
North American	$43.99	46.20	+0.41	-
Overseas	$26.40	27.73	+0.21	-
Pacific Gold	$3.81	4.01	-0.02	-
Tiger	$44.34	46.57	+0.47	-
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst.	$13.13	13.86	(z)	0.88
Japanese Warrants	$6.70	7.10	(z)	-
Asian Warrants	$10.91	11.56	(z)	-
European Warrants	$4.53	4.80	(z)	-
Managed	HK$9.91	10.57	(z)	-
Private Capital Tst.	$19.25		(z)	-
Wellington Fd Mngrs (Bermuda) Ltd				
Intnl Growth Fd	$12.44	13.07	.....	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$10.56		+0.04	-
Wells Fargo B Shs (z)	$10.92		-0.02	-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0535		.....	-
Xiphias Int ECU	Ecu1.0795		.....	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ‡‡ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. †† Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES

	July 18	July 17	July 16	July 15	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3016.32	2978.76	2983.90	2990.61	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.39	94.30	94.26	94.26	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1219.15	1194.99	1205.57	1207.69	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	200.39	199.64	198.50	198.76	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3026.61 (3011.18) Low 2970.93 (2961.54)

STANDARD AND POOR'S

	July 18	July 17	July 16	July 15	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	385.37	381.18	381.54	382.39	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	459.56	454.69	455.02	455.92	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.76	30.37	30.45	30.46	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	211.09	209.09	209.12	209.39	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	369.68	367.12	365.53	365.78	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	496.80	493.42	493.60	496.19	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July12	July 5	June28	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.14	3.16	3.62

	Jul 17	Jul 10	Jul 3	year ago (approx.)
S & P Industrial div. yield	2.74	2.79	2.81	2.87
S & P Indl. P/E ratio	19.74	18.89	18.77	17.29

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Blockbuster	6,030,700	10⅛	....
Am Tel Tel	3,790,300	39⅜	+ 1⅛
Tritos	3,019,900	33	+ 3⅛
MFS Intermed	2,638,100	7⅜	+ ⅛
Bank Boston	2,359,400	8⅝	+ ⅜
IBM	2,351,000	98¾	+ 2
Pepsi Co	2,318,200	29⅜	
Citicorp	2,276,500	15⅛	+ ⅜
Philip Morris	2,196,200	66⅞	+ ¼
Telecom NZ	2,010,000	26	- ⅜

TRADING ACTIVITY

† Volume (Millions)	July 18	July 17	July 16
New York SE	199.470	194.190	182.740
Amex	15.178	12.468	11.317
NASDAQ	171.733	160.944	156.947
NYSE			
Issues Traded	2,074	2,082	2,085
Rises	1,024	827	823
Falls	530	744	754
Unchanged	520	511	508
New Highs	71	73	81
New Lows	13	14	13

CANADA

TORONTO

	July 18	July 17	July 16	July 15	1991 HIGH	1991 LOW
Metals & Minerals	3299.99	3251.53	3268.08	3219.27	3299.99 (18/7)	2632.06 (9/1)
Composite	3561.19	3541.83	3535.45	3526.90	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1901.92	1887.57	1886.41	1879.82	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 19	July 18	July 17	July 16	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1550.5	1540.7	1542.2	1541.2	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	691.0	685.0	684.6	683.6	691.0 (19/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	494.59	494.93	488.77	492.59	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1139.33	1140.14	1143.31	1146.47	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	378.83	379.85	379.46	380.81	380.01 (16/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	983.3	977.6	976.5	978.6	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	467.99	465.61	465.13	467.36	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1763.54	1757.54	1758.11	1755.51	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	679.46	677.90	680.45	687.24	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1915.18	1910.80	1916.60	1936.8	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1623.99	1618.53	1625.51	1643.85	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4009.35	3976.83	3962.46	3997.67	4009.35 (19/7)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1380.19	1367.62	1367.34	1378.11	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	567.82	558.82	551.11	559.90	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22866.36	22908.71	23068.70	23375.15	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1794.84	1795.37	1804.32	1822.70	2028.85 (18/3)	1625.08 (17/1)
2nd Section (4/1/68)	3098.49	3101.53	3126.82	3145.45	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	592.69	589.54	586.42	595.28	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl Rtn Gen.(End 1983)	280.5	279.9	279.8	280.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.8	199.4	199.4	199.5	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	767.25	761.76	763.04	770.63	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1022.97	983.50	978.39	993.22	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	393.76	392.04	392.32	394.95	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1433.08	1423.0	1380.0	1371.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4047.85	4035.0	4012.0	3996.0	4047.0 (19/7)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	650.06	651.27	(c)	636.18	697.62 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	265.91	266.11	269.19	270.88	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1139.60	1137.20	1140.40	1147.90	1149.8 (11/7)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	763.6	763.0	764.7	767.2	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	635.4	635.3	633.2	633.2	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	5229.99	5225.76	5173.75	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	677.33	652.54	654.45	677.44	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) (δ)	497.8*	497.5	494.8	496.8	529.2 (17/4)	439.1 (16/1)

**Saturday July 13: Taiwan Weighted Price: 5412.23 Korea Comp Ex. 636.50.
δ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

AMERICA

Dow consolidates after Thursday's big gains

Wall Street

AFTER Thursday's big gains, the stock market returned to its lethargic form yesterday morning after IBM announced second quarter earnings in line with analysts' expectations, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was 1.35 higher at 3,017.67. There was a similar lack of movement from the other main indices, with the more broadly-based Standard & Poor's 500 down just 0.67 at 384.70, and the Nasdaq composite of over-the-counter stocks up 1.04 at 497.84. Turnover on the NYSE was a brisk 108m shares.

The day's only economic data, a report on local industry from the Philadelphia Federal Reserve, added to the mountain of evidence that the economy is recovering quickly. The report found that manufacturing activity in the region continues to pick up, with surveyed companies predicting a continued improvement in business conditions over the rest of the year.

The market's attention, however, remained focused yesterday on IBM, until this year's disappointments the bellwether stock of the market. The computer group announced before the opening that second quarter earnings had fallen sharply to $114m, or 20 cents a share, down from $1.4bn, or $2.45 a share a year earlier. Revenues were also lower at $14.7bn.

The figures were in the range of market forecasts, and investors began buying IBM stock from the opening on relief that the quarter, however bad it was, had not produced any nasty surprises. By early afternoon IBM stock was up $2¼ at $100⅛ on turnover of 1.1m shares. The IBM news failed to inspire other leading technology stocks. Unisys stood still at $3⅞, Hewlett-Packard slipped $⅛ to $55¾, and Motorola gave up $⅜ at $65⅛. Digital Equipment was the exception, rising $¾ to $67¾.

One computer group which outperformed was Stratus, jumping $3½ to $34⅞ on news of a near-40 per cent rise in second quarter profits to 47 cents a share, well above most analysts' forecasts.

Texas Instruments dropped $3¼ to $33½ in the wake of the second quarter loss of $1.99 a share reported late on Thursday. The figures included a $130m charge for layoffs. The company also announced that it was filing a lawsuit against Fujitsu, after the Japanese group refused to extend a licensing agreement to cover an important semiconductor patent owned by Texas.

Bristol-Myers Squibb gave up $1 at $80⅞ in active trading after a Food and Drug Administration panel raised questions about the effectiveness of the company's Videx drug when treating symptomatic HIV infections.

Canada

TORONTO's composite index fell 1.09 to 3,560.10 in volume of 15.3m shares.

The gold index showed the only gain, up 37.24 at 5,538.57. The rise was mainly due to a recovery of American Barrick, which was up C$⅛ at C$26⅝, after falling on Thursday on news that it ended merger talks with Newmont Mining.

Shell Canada gained C$⅞ to C$45, and Ranger Oil rose C$⅛ to C$9 on volume of almost 300,000 shares, following a rise in oil prices.

Pacific Rim comes out of Tokyo's shadow

Japan's woes have not had a lasting impact on the rest of Asia, says **Emiko Terazono**

WHILE symbolic acts of repentance by Japan's leading stockbrokers have failed to restore confidence in the Tokyo market, equities in the rest of Asia have been swayed by rising interest rates and, in Australia and New Zealand, the expectation of a economic recovery in the US.

Japan's scandals have not had a lasting impact in the Pacific Rim; The FT-Actuaries index for the Pacific ex Japan is up 2.2 per cent over the last quarter, compared with a 7.4 per cent drop in Tokyo. However, the drama and volatility in Tokyo have led to attacks of nerves in the smaller Asian markets. Questions are now being asked in the region about a possible slowing in Japanese investment, which could be a result of the enduring weakness of the Tokyo stock market and the end of the easy money era in Japan.

Investor confidence in Japan has been damaged by the actions of the Big Four securities houses – Nomura, Daiwa, Nikko and Yamaichi – compensation of trading losses for favoured clients and their close links to crime syndicates. Friction in the otherwise smooth relationship between the securities industry and the finance ministry was reflected in an 8 per cent drop in the Nikkei index in the first six trading days of this month.

Daily average volume, which fell below 300m in June on the stock scandals, has failed to pick up, with daily volumes remaining below 300m for the past week. While bargain hunting by foreign investors has supported the Nikkei, the index is still moving nervously within a 22,500-23,500 range.

The unexpected cut in official interest rates, down from 6 per cent to 5.5 per cent, earlier this month produced a brief lift in the market, but its effects were short-lived. The overnight call rate had fallen below 7.5 per cent from 8 per cent before the interest rate cut, but there has been no rush to invest in stocks.

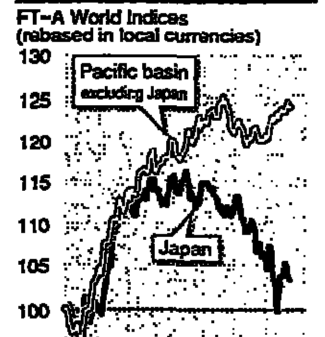
"The scandals have determined the timing and level of decline in share prices, but has not altered direction," says Mr Peter Johnson at Baring Securities Tokyo. The supply and demand situation in the stock market has yet to be corrected, and concerns will continue for this quarter. A flood of new equity-linked issues and the potential unwinding of arbitrage-related positions have been the major two concerns.

In addition, companies have been announcing cancellations of stock investments through tokkin, or specified trust accounts. Investment trusts also face redemptions for trust funds set up in 1989.

The situation on the demand side does not look promising either. Banks, which still have worries with their capital adequacy ratios, are in no hurry to increase either loans or its own stock investments.

Insurance companies are seeing their inflow of funds decrease due to interest rate deregulation. The life offices, major stable shareholders of corporate Japan, have threatened to sell off low-yielding stocks. Investment trusts, which were booming two years ago at the height of the bull market, are now suffering as investors divest and divert their funds into cash.

FT–A World Indices
(rebased in local currencies)



Source: Datastream

Meanwhile, other equity markets in Asia have been more influenced by domestic concerns than by the woes of Tokyo. Share prices in Australia and New Zealand have risen on the back of an improved outlook for commodity markets; a clash between Britain and China on infrastructure plans has created occasional havoc in a resurgent Hong Kong; and Singapore has collapsed after an ebullient first quarter and a sideways consolidation which lasted for the best part of three months.

In Australia, investment opinion seems to have been influenced most by signs that the deep economic downturn has bottomed. "Stock markets perform best when the economy is coming out of a recession," says Mr Chris Sherwell at Smith New Court.

The New Zealand market was also lifted by indications of economic recovery. The Barclays index weakened in the first half of the year, as it saw downward profit revisions by leading companies; but business expectations have turned positive, with a survey last month by the Ministry of Commerce showing 60 per cent of companies expecting improved conditions.

Having been unsettled by the long dispute between the UK and China over the building of a controversial new airport, the Hong Kong market has celebrated the resolution of the problem by rising to yet another all-time high yesterday. Events of the past few months, including the debate in Washington over China's most favoured trading nation status, have highlighted the link between the market's health and events in Beijing.

Rising interest rates have hurt Singapore and Malaysia. Singapore rose by more than 30 per cent in the first five months of this year, but the tightening of monetary policy has prompted a fall in prices in recent weeks.

There are serious fears elsewhere in the region. Thailand has been weak on deepening worries over its economy. While the military coup in February seems to have been acceptable, in stock market terms, the rapid growth of the Thai economy has exerted inflationary pressure while prompting a deterioration of the country's current account.

Worries like this have already started to affect foreign investment into Thailand. Foreign turnover for the first five months of 1991 showed a 70 per cent decline, as the once highly fashionable Thai market fell back to earth.

EUROPE

Milan extends its gains in technical trading

CONTINENTAL equity markets finished modestly higher on balance, a relatively uneventful day maintaining the tone of the week, *writes Our Markets Staff.*

MILAN rose for the second day in technical trading as professionals covered their short positions. The Comit index rose 9.8 to 567.82, but was little changed on the week. Volume was estimated at close to Thursday's small L91bn.

Fiat officially closed L29 up at L5,989, but then rallied to L6,045 after hours. There had been reports that 7.5m shares had been sold short.

In the insurance sector, Generali rose L595 to L31,725 while in banks, Banco di Napoli rose L10 to L1,910. The bank is considering a L500bn capital increase, part of which could be raised abroad.

Telecoms were lifted by news that the Senate had approved a restructuring measure to make the sector more competitive by integrating both national and long distance services into one operating company. Stet rose L49 to L2,029 and Sip by L4 to L1,129.

FRANKFURT was narrowly mixed in low volume. The FAZ and DAX indices showed rises of 1.50 to 679.46 and 5.66 to 1,623.99 on the day, and falls of 1.5 and 1.3 per cent respectively on the week as turnover fell from DM4.2bn to DM3.7bn.

Most stocks in the automobile, chemical and pharmaceutical and banking sectors ended higher on the day.

BMW rose DM4 to DM488 after Dresdner Bank analysts raised their earnings forecast for the company to DM60 a share for 1992; the bank said earlier this week, however, that it had reduced its weighting for the auto industry on a deteriorating new order position.

In insurers, Volksfürsorge was set at an official DM802 against a subscription price of DM800 a share, although it had traded at a premium of up to DM20 in the grey market.

PARIS ended the week slightly higher but trading was uneventful. The CAC-40 index closed 6 higher at 1,763.54, up 0.5 per cent on the week. Turnover was unchanged at FFr1.9bn.

There was some interest in the retail sector. Casino was the day's biggest gainer, adding FFr5.30 or 4.4 per cent to FFr125.70 with a heavy 107,950 shares traded. The stock was recovering from a long period of underperformance, one analyst said, and had an extra lift from a report in a financial magazine that Casino's founding family might sell its 30 per cent stake in the next six months to Ahold and Argyll. The three companies have cross holdings in each other. James Capel estimates Casino's break-up value at FFr240 per share.

Elsewhere, Total fell back FFr10 to FFr850 on profit-taking after this week's rally on the back of its Colombian oil find. BSN, the food group, rose FFr18 to FFr900, buoyed up by its 18.2 per cent rise in first half turnover.

The hotel group, Accor, which suffered earlier this week on reports of analysts' downgradings, recouped FFr12 to FFr749.

AMSTERDAM ended firmer, but below the day's high, on light buying linked to yesterday's expiration of July futures and options. The CBS tendency index ended 0.2 up at 94.1, below the day's high of 94.3, but up 0.6 per cent on the week.

Heineken's recent rally on takeover speculation began to show signs of tiring. The stock closed up 50 cents at Fl 157.40, below an earlier high of Fl 158.30.

ZURICH finished virtually unchanged on the day but up 0.9 per cent on the week as the Crédit Suisse index closed 0.3 lower at 546.1. Banks consolidated after Thursday's gains on news that the federal government is considering ways to abolish the stamp tax on securities transactions.

In industrials the telecommunications group Ascom rose SFr80 to SFr3,010 after a recommendation from a major Swiss bank and, in construction, Holderbank closed SFr130 higher at SFr4,930.

MADRID edged higher, the general index ending 0.38 higher at 266.49 for a fractional decline on the week. Banesto was the exception in a generally firm banking sector, dropping Pta50 to Pta3,620 on a 46 per cent drop in pre-tax profits for the first half of 1991.

Utilities were mixed with Catalana de Gas dropping Pta30 to Pta5,470, while Endesa gained Pta50 to Pta2,385.

STOCKHOLM was dominated by Incentive shares, which fell on their second day of trading. The free B shares fell SKr2 to SKr183. The Affärsvärlden general index rose 2.4 to 1,139.6, down 0.6 per cent on the week, in turnover ofSKr469m after SKr404m.

FT-SE Eurotrack 100 - Jul 19

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1110.00	1110.36	1111.71	1111.99	1111.13	1111.55	1111.43	1111.23

Day's High 1112.62 — Day's Low 1109.92

Jul 18	Jul 17	Jul 16	Jul 15	Jul 12
1106.24	1104.80	1110.41	1111.59	1107.36

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG climbed on prospects of stronger bullion prices. The all-gold index added 10 to 1,433 while the industrial index reached a new high of 4,047, up 12. The all-share index also closed at a record high of 3,541, up 23.

ASIA PACIFIC

Nikkei falls back as early enthusiasm fades

Tokyo

SHARE prices opened higher on the overnight rally on Wall Street, but enthusiasm was short-lived and prices fell marginally on selling by investment trusts, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 42.35 to 22,866.36, down 3.2 per cent on the week, after a day's low of 22,840.60 and a high of 23,063.76. The index recovered the 23,000 mark in the afternoon session, but index-linked selling by investment trusts toward the end of the close depressed share prices.

Volume fell to 200m shares from 220m. Advances led declines by 441 to 440, with 214 issues unchanged. In London, the ISE/Nikkei 50 index rose 2.60 to 1,370.70.

Reports that the parliament would not summon brokerage house officials to testify on the recent stock scandals relieved market participants. A leading brokerage official had recently indicated that he was ready to reveal names of the clients who had been compensated.

Keisei Electric Railway, the most active issue of the day, lost Y100 to Y1,180 on rumours of margin selling by speculators. Speculative issues have been weak recently on fears of tighter margin restrictions. Takuma, the boiler and water treatment company, fell Y70 to Y1,150 and Kitano Construction fell Y170 to Y2,060.

Stanley Electric, a electrical equipment maker for automobiles, rose Y26 to Y965 on expectations of rising sales of its parts for liquid-crystal displays. Olympus Optical rose Y10 to Y1,340 and Casio Computer added Y10 to Y1,460.

Honshu Chemical Industry, a medium-sized pharmaceutical, closed Y50 higher at Y1,030. Rumours of speculative interest lifted the stock in spite of an estimated 26 per cent fall in current year pre-tax profits.

In Osaka, the OSE average fell 77.21 to 25,779.69 on volume of 9.7m shares. Railways, realtors and financials declined on light selling. Nintendo, the video game maker, fell Y100 to Y13,000.

Mitsumi Electric, the electronic parts maker, fell Y30 to Y1,760 on profit-taking. It had risen on projections of a 21 per cent rise in pre-tax profits for the current year.

Roundup

WALL STREET's overnight rise encouraged most Pacific Rim markets. Taiwan was closed by typhoon Amy.

HONG KONG hit its second record high this week, but closed well off the morning highs. The Hang Seng index reached 4,026 in the first hour but closed 32.52 higher at 4,009.35, up 2.4 per cent on the week. Turnover rose to HK$2.25bn from HK$1.83bn.

AUSTRALIA tested its April 29 closing high for 1991 as the All Ordinaries index rose 9.8 to 1,550.5, 1.2 per cent higher on the week. The Reserve Bank of Australia's position that interest rates could be lowered further if inflation continued to fall helped to lift the market.

Turnover rose from A$179m to A$181m. Renison Goldfields jumped 34 cents to A$5.74 on speculation that the UK's Hanson might sell its 49 per cent stake in Renison and prompt a takeover bid. The transport group, TNT, rallied 5 cents to 77 after recent weakness.

NEW ZEALAND was pulled lower by Telecom, which was listed on Thursday. The NZSE-40 index, which included Telecom for the first time, closed 16.08 or 1.1 per cent lower at 1,465.03, down 1.5 per cent on the week.

Turnover fell from Thursday's record NZ$199.1m, bloated by the listing of Telecom, but was still heavy at NZ$44.3m, of which Telecom accounted for NZ$32.0m. Telecom eased 5 cents to NZ$2.30.

MANILA closed 4 per cent higher as investors were encouraged by the withdrawal of the Church's participation in a national strike to protest against petroleum prices. The composite index added 39.47 to 1,022.97, up 3.3 per cent on the week, in turnover of 258.9m pesos after 128.9m.

SINGAPORE closed broadly higher, the Straits Times industrials index closing 8.53 to the good at 1,455.88, down 0.8 per cent on the week. Turnover rose S$88.25m from S$76.58m.

BANGKOK ended a volatile week with a strong rally in moderate turnover of Bt3.3bn. Finance issues led a broad-based advance as the SET index rose 24.79 to 677.33, up just 0.4 per cent over five days.

SEOUL saw a technical correction which took the composite index down 1.21 to 650.06, up 2.9 per cent on the week.

KUALA LUMPUR, in contrast, fell 1 per cent on a week troubled by two recent investigations, but gained 3.15 yesterday on their placatory outcome as the composite index closed at 592.69.

BOMBAY recovered from an early drop to rally strongly on new account trade. The BSE opened sharply lower at 1,424.94 but then finished at 1,455.38, up 12.84.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅛	99⅛	Exch. 11pc 1991	100⅛	.....	11.00	10.55
99¼	96¾	Treas. 8pc 1991	99⅛	.....	8.07	10.23
101½	100⅛	Treas 12¾pc 1992‡‡	101⅜xd	.....	12.61	10.43
99⅝	97⅝	Treas 10pc 1992	99⅝xd	.....	10.02	10.41
98⅜	95⅞	Treas. 8pc 1992‡‡	98⅜	.....	8.13	10.26
100⅜	98½	Treas 10¼pc Cv 1992‡‡	100⅛	.....	10.49	10.35
95⅝	91⅛	Treas. 3pc 1992	95½	.....	3.14	8.22
102⅛	100⅛	Exch. 12¼pc '92	101⅜xd	.....	12.01	10.24
104⅛	102⅛	Exch 13½pc 1992	103¼	.....	13.06	10.25
97⅝	94	Treas 8¼pc 1993	97¼xd	.....	8.48	10.17
99⅝	97⅛	Treas 10pc 1993‡‡	99½	.....	10.04	10.20
104⅝	102⅜	Treas 12½pc 1993‡‡	104	.....	12.02	10.21
93⅝	89⅜	Funding 6pc 1993‡‡	93⅝	.....	6.41	9.32
108⅛	105⅝	Treas 13¾pc 1993‡‡	107⅛	.....	12.85	10.26
96⅜	92⅞	Treas. 8½pc 1994	96⅛xd	.....	8.83	10.19
111⅛	108⅛	Treas 14½pc 1994‡‡	109⅝	.....	13.25	10.27
109	105⅝	Exch 13½pc 1994	107⅝	.....	12.55	10.28
99⅝	96⅛	Treas. 10pc Ln. 1994‡‡	99⅝	.....	10.05	10.22
106⅝	103⅜	Exch. 12½pc 1994	105⅜xd	.....	11.82	10.29
96¾	93¼	Treas 9pc 1994‡‡	96⅛	.....	9.32	10.25
106⅛	102⅞	Treas 12pc 1995	104⅝xd	.....	11.44	10.30
89	82¾	Exch 3pc Gas 90-95	86	.....	3.49	7.06
100⅝	96⅝	Exch. 10¼pc 1995	99⅝xd	.....	10.25	10.29
109⅝	105⅞	Treas 12¾pc 1995‡‡	108⅛	.....	11.77	10.31
113⅝	109⅝	Treas. 14pc '96	112⅛xd	–⅛	12.49	10.55
96¾	92⅜	Treas. 9pc 1992-96‡‡	96⅛	+⅛	9.32	9.96
119⅝	115⅝	Treas 15¼pc 1996‡‡	117½	.....	12.98	10.50
112¼	108	Exch 13¼pc 1996‡‡	110¼	+⅛	12.00	10.47
		Five to Fifteen Years				
100⅛	95⅝	Conversion 10pc 1996	99	+⅛	10.10	10.24
99½	97¼	Do. 10pc 1996 B	98⅝	+⅛	10.11	10.26
113⅝	108⅝	Treas 13¼pc 1997‡‡	111⅞	–⅛	11.89	10.47
102⅞	97¼	Exch 10½pc 1997	100⅝xd	.....	10.41	10.31
94⅝	89⅜	Treas 8¾pc 1997‡‡	93⅝	–⅛	9.37	10.22
122⅜	117	Exch 15pc 1997	119⅝	–⅛	12.52	10.58
98⅝	93⅜	Exch. 9¾pc 1998	97⅝	–⅛	9.99	10.27
85⅝	80¼	Treas 6¾pc 1995-98‡‡	85⅝	–⅛	7.90	9.74
127⅛	121⅛	Treas. 15½pc '98‡‡	124⅝	–⅛	12.42	10.46
109⅝	104⅜	Exch. 12pc 1998	108⅛	–¼	15.73	1.373
97⅝	92⅝	Treas 9½pc 1999‡‡	96⅞	–¼	9.84	10.14
111⅝	105⅝	Exch. 12¼pc 1999	109⅛	–⅛	11.18	10.38
102⅝	97⅜	Treas. 10½pc 1999	101⅛	–⅛	10.39	10.28
101⅛	95⅝	Conversion 10¼pc 1999	99⅝	–⅛	10.29	10.28
94⅝	89⅜	Conversion 9pc 2000‡‡	93⅛	–⅛	9.62	10.12
116⅛	110½	Treas. 13pc 2000	114⅝	–⅛	11.36	10.46
100⅝	94⅛	Treas 10pc 2001	98⅝	–⅛	10.14	10.21
38⅛	36⅞	Do. 10pc 2001 B●	38⅝	–⅛	10.12	10.14
118⅝	113⅛	Treas. 14pc '98-01	116⅛	–⅛	12.04	10.55
98⅝	92⅝	Treas 9¾pc 2002	96⅛	–⅛	10.08	10.22

BRITISH FUNDS—Contd

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅝	94⅛	Treas 10pc 2003	98½	–⅛	10.15	10.19
108¼	102	Treas. 11½pc 2001-04	106⅛	–⅛	10.82	10.43
58⅝	53⅛	Funding 3½pc '99-04	58⅛	–⅛	6.01	9.01
97⅜	90⅝	Conversion 9½pc 2004	95⅝	–⅛	9.98	10.15
97¼	90⅝	Conversion 9½pc 2005	95⅛	–⅛	12.59	10.13
118¼	111	Treas. 12½pc 2003-05	115⅝	–⅛	10.83	10.24
		Over Fifteen Years				
85⅛	79⅝	Treas. 8pc 2002-06‡‡	83⅝	–⅛	9.56	10.12
112⅞	105⅜	Treas. 11¾pc 2003-07	110⅝	–⅛	10.68	10.22
90⅛	84⅛	Treas 8½pc 2007‡‡	88⅛	–⅛	9.65	10.01
125⅜	118⅝	Treas. 13½pc '04-08	122⅝	–⅛	10.99	10.22
94⅝	88⅝	Treas. 9pc 2008‡‡	92⅛	–⅛	9.78	9.96
94½	89⅞	Do. 9pc 2008 C	92⅛	–⅛	9.71	9.96
85⅝	80	Treas 8pc 2009	83⅝	–⅛	9.56	9.95
94⅛	88⅛	Conv 9pc Ln 2011‡‡	91⅝	–⅛	9.81	9.95
63⅛	58⅞	Treas. 5½pc 2008-12‡‡	61⅝	–⅛	8.95	9.86
82⅛	76⅝	Treas. 7¾pc 2012-15‡‡	79⅝xd	–⅛	9.69	9.96
121⅛	113⅛	Exch. 12pc '13-'17	117⅝	–⅛	10.20	9.99
		Undated				
40⅛	37⅝	Consols 4pc	39⅛xd	.....	10.17	–
35⅝	33⅛	War Loan 3½pc‡‡	35⅛	.....	9.98	–
59⅝	57¼	Conv. 3½pc '61 Aft	58⅝	.....	5.98	–
29⅝	28¼	Treas. 3pc '66 Aft	29⅝	.....	10.19	–
25⅝	23⅝	Consols 2½pc	24⅝	.....	10.03	–
25⅛	23⅝	Treas. 2½pc	24⅝	.....	10.13	–

Index-Linked

1991 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
131	125⅛	Tr. 2pc '92‡‡	(97.8)	131	.....	0.43	4.55
118⅛	115⅛	Do. 2 '94	(102.9)	118⅛	.....	3.63	4.61
172⅝	168⅝	Do. 2pc '96	(67.9)	171⅝	–⅛	3.77	4.34
142⅛	137⅛	Do 2½pc '01	(78.3)	141⅛	–⅛	4.02	4.33
138⅛	133	Do. 2½pc '03	(78.8)	137⅛	–⅛	4.10	4.37
140⅛	135	Do. 2pc '06	(69.5)	138⅛	–⅛	4.17	4.39
128⅛	124⅛	Do. 2½pc '09	(78.8)	126⅝	–⅛	4.20	4.40
132⅝	128⅛	Do. 2½pc '11	(74.6)	130⅛xd	–⅛	4.21	4.39
109⅝	105⅝	Do. 2½pc '13	(89.2)	107⅝xd	–⅛	4.20	4.37
117½	113⅝	Do. 2½pc '16	(81.6)	114⅝xd	–⅛	4.19	4.35
113⅝	109⅝	Do. 2½pc '20	(83.0)	110⅛	–⅛	4.15	4.30
95⅛	91⅛	Do. 2⅛pc '24‡‡	(97.7)	92⅛	–⅛	4.09	4.23

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	95⅝	African Dv Bk 11¼Ln 2010	101⅝	+⅛	10.94	10.90
97⅝	91⅞	Asian Dev Bk 10¼pcLn2009	96⅝	+⅛	10.59	10.65
112⅛	105⅝	Int-Am Dev Bk 12½pc 2003	111⅛	+⅛	11.25	10.78
92⅝	86⅞	Do. 9¾pcLn 2015	91⅝	+⅛	10.67	10.75
122	101	Fed. Mexican States 16½pc 2008	122	.....	13.52	13.47

CORPORATION LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103½	100½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
97½	93½	GLC 6¾pc 1990-92	97½	.....	6.92	11.05
115½	110⅝	Leeds 13½pc 2006	114½	.....	11.79	11.40
30	28	Liverpool 3½pc Irred	30	.....	11.67	–
27	26	LCC 3pc '20 Aft	26	.....	11.54	–
103½	97½	Manchester 11½pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
90	84½	5th Rhod. 87-92 Asstd	90	.....	–	–

LOANS

Building Societies

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104½	102	N'wide Anglia 3½pc Ln 2021	103	.....	–	5.53
107	104	Do. 4.25pcIL '24	105¼	+¼	–	5.14

Public Board and Ind.

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
128	120⅛	Hydro Quebec 15pc 2011	126⅝	+⅛	12.89	11.54

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 18 1991								WEDNESDAY JULY 17 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	144.03	–0.6	128.06	124.55	132.62	123.96	–0.1	5.18	144.85	129.96	125.21	134.73	124.14	147.30	112.74	149.92
Austria (20)	178.77	+0.7	158.94	154.59	164.60	164.48	–0.5	1.68	177.54	159.29	153.48	165.14	165.38	222.37	167.00	274.03
Belgium (48)	127.52	+1.0	113.38	110.26	117.41	114.62	+0.1	5.15	126.22	113.25	109.10	117.40	114.55	151.20	121.73	153.33
Canada (115)	140.42	–0.1	124.85	121.42	129.28	117.39	+0.6	3.31	140.53	126.08	121.47	130.70	118.57	142.27	126.49	140.49
Denmark (37)	252.45	+1.2	224.46	218.31	232.44	235.11	+0.1	1.50	249.48	223.83	215.66	232.04	234.97	270.58	217.74	270.45
Finland (16)	94.22	–0.1	83.78	81.48	86.76	84.17	–1.5	2.86	94.35	84.64	81.58	87.75	85.49	125.15	90.00	134.50
France (112)	128.04	+1.0	113.84	110.71	117.88	120.71	+0.0	3.70	126.77	113.73	109.57	117.90	120.75	152.26	120.60	161.23
Germany (65)	106.04	+0.8	94.28	91.71	97.63	97.63	–0.3	2.30	105.24	94.42	90.99	97.88	97.88	125.35	102.03	142.05
Hong Kong (55)	166.24	+0.4	147.81	143.75	153.07	165.69	+0.3	4.18	165.58	148.56	143.13	154.01	165.12	167.41	119.62	145.91
Ireland (18)	145.71	+1.3	129.55	126.00	134.16	136.01	+0.2	3.76	143.81	129.03	124.32	133.76	135.68	182.46	132.88	189.74
Italy (77)	71.68	+2.6	63.73	61.98	65.99	70.61	+1.4	3.31	69.89	62.70	60.41	65.00	69.60	88.23	69.89	107.41
Japan (474)	127.95	–0.5	113.76	110.64	117.82	110.64	–0.4	0.76	128.55	115.34	111.12	119.58	111.12	146.97	118.35	154.29
Malaysia (68)	223.37	+0.9	198.60	193.15	205.66	239.50	+0.9	2.80	221.34	198.58	191.32	205.86	237.32	247.78	192.83	250.89
Mexico (16)	1126.94	+0.2	1001.97	974.50	1037.62	3715.50	+0.2	1.46	1124.85	1009.19	972.34	1046.22	3708.62	1138.61	534.45	539.98
Netherland (31)	136.23	+1.1	121.12	117.80	125.44	124.07	+0.1	4.32	134.78	120.92	116.51	125.36	123.96	145.73	125.70	145.71
New Zealand (13)	48.12	–1.1	42.78	41.61	44.31	45.25	–0.7	7.07	48.66	43.65	42.06	45.26	45.58	54.64	41.18	70.30
Norway (32)	192.77	+0.6	171.39	166.69	177.49	180.66	–0.4	1.62	191.54	171.85	165.58	178.16	181.40	223.24	182.24	246.69
Singapore (38)	190.60	–0.1	169.47	164.82	175.49	153.71	–0.2	2.23	190.84	171.22	164.97	177.50	154.06	208.25	151.63	207.14
South Africa (61)	258.20	+2.3	229.57	223.27	237.73	177.21	+1.3	3.09	252.51	226.55	218.27	234.85	174.94	258.20	173.00	178.34
Spain (54)	143.59	+0.3	127.67	124.17	132.21	120.58	–1.0	4.48	143.18	128.46	123.77	133.17	121.75	171.12	131.51	180.30
Sweden (26)	192.44	+0.9	171.10	166.41	177.19	182.68	–0.1	2.48	190.70	171.09	164.85	177.37	182.93	204.12	146.80	229.54
Switzerland (58)	92.65	+1.6	82.38	80.12	85.32	88.17	+0.4	2.18	91.22	81.84	78.86	84.86	87.86	100.67	82.17	107.02
United Kingdom (240)	169.30	+0.4	150.53	146.39	155.87	150.53	–0.5	4.88	168.55	151.22	145.68	156.75	151.22	187.44	156.27	174.71
USA (526)	155.95	+1.0	138.66	134.86	143.60	155.95	+1.0	3.09	154.34	138.47	133.42	143.56	154.34	158.24	125.95	147.47
Europe (835)	134.26	+0.8	119.37	116.10	123.62	121.95	–0.2	3.92	133.17	119.47	115.11	123.86	122.17	151.52	126.50	156.14
Nordic (111)	186.09	+1.0	165.45	160.92	171.34	168.17	–0.1	1.96	184.30	165.35	159.31	171.41	168.38	200.81	155.55	216.81
Pacific Basin (717)	129.38	–0.4	115.03	111.88	119.13	112.46	–0.4	1.11	129.93	116.57	112.32	120.85	112.89	145.92	117.86	153.69
Euro–Pacific (1552)	131.64	+0.1	117.04	113.83	121.20	117.01	–0.3	2.25	131.54	118.02	113.70	122.34	117.38	147.66	121.29	155.10
North America (641)	154.90	+1.0	137.73	133.97	142.65	153.35	+1.0	3.11	153.40	137.63	132.62	142.70	151.81	157.04	125.91	146.95
Europe Ex. UK (595)	113.35	+1.1	100.78	98.04	104.39	105.45	+0.0	3.20	112.11	100.58	96.93	104.30	105.41	129.80	106.65	143.46
Pacific Ex. Japan (243)	143.52	+0.0	127.61	124.13	132.16	126.69	+0.1	4.34	143.56	128.80	124.12	133.54	128.52	145.66	111.40	145.72
World Ex. US (1744)	133.88	+0.1	119.03	115.78	123.27	118.57	–0.2	2.30	133.72	119.97	115.60	124.38	118.85	148.16	122.32	155.06
World Ex. UK (2030)	137.54	+0.5	122.29	118.94	126.65	128.23	+0.3	2.34	136.91	122.83	118.35	127.35	127.82	145.77	120.06	148.93
World Ex. So. Af. (2209)	139.52	+0.4	124.05	120.66	128.48	129.93	+0.2	2.59	138.92	124.63	120.09	129.22	129.64	148.66	122.92	151.05
World Ex. Japan (1796)	148.20	+0.9	131.77	128.17	136.48	141.17	+0.6	3.44	146.89	131.79	126.99	136.64	140.38	152.83	126.69	151.13
The World Index (2270)	140.32	+0.5	124.76	121.34	129.21	130.35	+0.2	2.60	139.67	125.31	120.74	129.92	130.03	149.01	123.26	151.22

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CANADIANS

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BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

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FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

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Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
380	331	Anglian £1 ... α	377	+9	17.5	2.3	6.2	(8.2)
170	135	East Surrey 10p	170	.....	8.0	2.7	6.3	(6.4)
178	155	Mid Kent Hldgs £1	173	.....	‡8.0	2.8	6.2	6.6
387	322	North West £1 ... α	377	+15	18.0	q2.5	6.4	(6.9)
406	327	Northumbrian £1 ... α	384	+5	18.6	q2.9	6.5	5.9
305	226	Severn Trent £1	246	.....	17.55	q3.0	7.4	4.9
370	300	Severn Trent £1 ... α	339	+7	17.55	q3.0	6.9	5.3
397	293	Southern £1 ... α	341	+11	17.7	q2.5	6.9	(6.4)
392	308	South West £1 ... α	357	+5	20.0	q2.7	7.5	(5.4)
392	323	Thames £1 ... α	377	+11	17.5	2.2	6.2	(8.1)
422	341	Welsh £1 ... α	382	+10	19.5	q3.4	6.8	4.7
456	325	Wessex £1 ... α	389	+3	17.7	q2.5	6.1	(7.4)
400	335	Yorkshire £1 ... α	383	+5	17.7	q2.2	6.2	7.3

OIL AND GAS

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
18	12	Aberdeen Pet 10p ... α	16	.....	–	–	–	16.3
49	20	Alliance Res. 10p ... α	22	.....	–	–	–	–
8½	6	AmBrit Intl ... α	6	.....	–	–	–	♦
40	23	Aran Engy 20p ... α	27	–1	–	–	–	–
3½	3¼	Arrow Pet. 10c	3¼	.....	–	–	–	–
7½	3¼	Atlantic Res I£.05 ... γ	3½	.....	–	–	–	–
12	7½	Aviva Petroleum ... α	11½	+¼	–	–	–	–
25½	15	Blackland Oil 10p ... β	16	.....	–	–	–	–
12	7	Blystad Group 1p ... α	7	.....	–	–	–	♦
737	589	Bow Valley ...	690	–5	Q40c	–	3.4	–
156	117	Brabant £1 ... β	117	.....	–	–	–	–
31	21	Bridge Oil ...	27½	+½	–	–	–	–

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]							
34	23	Glencar Exploration ... γ	23	.....	–	–	–
26	17	Greenwich Res 5p ... α	19	.....	–	–	–
£11¼	£7¾	Homestake Mining $1	£10⅝	–⅛	Q20c	–	1.1
61	30	Ivernia West ... γ	53	.....	–	–	–
46	36	Kells Mins. Ir5p ... γ	36	.....	–	–	–
25	9	Kenmare ... γ	13	.....	–	–	–
99	52	Northgate Expl. C$1	77	.....	§	–	–
16	6	North West Expl.	7	.....	–	–	–
109	25	Nor-Quest Res.	103	–4	–	–	–
188	82	Oryx Gold Hldgs	167	–6	–	–	–
23	11	Ovoca Gold IR 2p ... γ	15	.....	–	–	–
44	24	Plateau Mining 20p ... β	26	.....	–	–	–
594	404	RTZ 10p ... α	562	–7	19.5	2.2	4.6
11	3¼	Tiberco Res. Inc. ...	10	–1	–	–	–
10	5	Vizcaya Hldgs 5p ... β	5	.....	–	–	–
133	120	Young Group 10p ... β	123	.....	5.2	1.7	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ∯ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Craig & Rose £1	β	640	.....
Finlay Pkg. 5p	β	28	.....
Holt (Jos) 25p	β	1978	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 2010	£92½	–¼
9pc Cap Ln. 1996	£97½	.....
Fin. 13% 97/02	£114¼	.....
Arnotts	165	.....
Heiton Hldgs ... γ	32	.....
IRG	128½	.....
United Drug	172	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	20
Rank Org Ord.	65
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Brit Land	30
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	6½

Oils

Aviva Petlm.	3
Brit. Petroleum	28
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

FINANCIAL TIMES

Weekend July 20/July 21 1991

Stock Exchange probes trading in TV shares

By Raymond Snoddy

LONDON'S Stock Exchange is investigating rapid movements in the share prices of Central Independent Television and Scottish Television after reports in the Financial Times that each bid less than £1m to retain its franchise.

The inquiry will aim to discover whether there was any insider dealing in the shares of the two companies or if attempts were being made to manipulate the stock market.

It coincided with renewed calls for the Independent Television Commission to make an announcement of the terms of all the bids for new 10-year commercial broadcasting franchises to prevent the danger of a false market developing in ITV company shares.

Central's share price has risen more than 28 per cent to 810p and Scottish Television by 40 per cent to 493p since the Financial Times revealed the small size of their bids.

Both Central and Scottish gambled correctly that they would be unopposed when the bids closed on May 15 and put in very small bids. This puts them in a relatively strong financial position throughout the new franchise period.

By comparison, TVS Entertainment, broadcasting to southern England, has bid £55m to try to retain its franchise. Even the small Plymouth-based Television South West has bid £16.17m a year.

The exchange recently contacted at least half a dozen television companies, seeking assurances that they had not leaked details of the bids and broken exchange rules.

The assurances were given and as a result there was seen to be no basis for declaring a false market in the shares.

Yesterday, however, Mr David Rough, managing director of Legal and General Investment Management, insisted a false market existed because people were trading on information in newspapers which had not been commented on by either the companies or the ITC.

Mr Rough said on Channel 4 Business Daily: "The ITC should now make a formal announcement in terms of all bids – not just those of a single bidder – but all bids. I can't see there's any benefit now in not making a full disclosure."

He argued it would not be justified to suspend the shares of all television companies until October when the new franchises will be awarded. The onus was on the Stock Exchange "to put pressure on the ITC actually to make a formal announcement".

The great TV lottery, Page 8

Citizens Charter powers watered down by Lilley

By Ivo Dawnay, Political Correspondent

THE British government has abandoned plans to toughen regulation of the privatised utilities – regarded as a key element in its Citizens Charter – after civil servants' draft proposals were rejected by Mr Peter Lilley, the trade and industry secretary.

Under the initial scheme, the charter was to have promised a full review of the utility companies' performances and a possible increase in regulators' powers to ensure improvements in the standards of consumer provision.

The results of the review were also to have been made public as part of the charter's aim of releasing more information on the utilities to the general public.

But a final text of the charter's private utilities proposals, now in the possession of the Financial Times, makes clear that this has been dropped, as have plans for a statutory right to compensation and the possible creation of an ombudsman.

The dilution of the proposals will serve as fresh ammunition for the opposition Labour party's claims that the Conservative government has stepped back from taking hard decisions in the charter, due to be published next week.

The earlier text promised that the government would review performances "and, where necessary, will take steps to enhance the regulators' powers or consider alternative arrangements to ensure that service standards . . . attain the levels expected".

Its revised version says: "The regulators already have extensive powers, but if it emerges that these are insufficient or that some . . . would benefit from strengthened powers, the government will not hesitate to provide them."

Yesterday, the opposition began a series of pre-emptive strikes on the Citizens Charter proposals when Mr Gordon Brown, Labour's trade and industry spokesman, described the plan as "a cosmetic public relations exercise".

His attack is just the first in an organised onslaught due to embrace all sections of the charter from consumers' rights in health care to greater public access to information.

On Monday, Labour plans to publish a comprehensive dossier of citizens' rights allegedly lost or substantially diminished during 12 years of Conservative government.

In a speech to his constituency last night, Mr Brown drew attention to a rising tide of complaints over services provided by privatised utility companies. He backed up the attack with figures on the accumulated salary rises of chairmen and chief executives in formerly nationalised industries.

These claimed to show that at Cable & Wireless, the telecommunications company now chaired by Lord Young, a former cabinet minister, payments to the chairman have risen in 10 years by 1,545 per cent to £413,000.

For British Gas, the top salary has gone up from £73,845 in 1986 to £370,083, an increase of more than 500 per cent, while complaints lodged against all the big utilities now total some 158,000 a year.

Tony Andrews

Gordon Brown: on the attack over the Citizens Charter

Fujitsu and Texas Instruments resume fight over patents

By Steven Butler in Tokyo

TEXAS Instruments and Fujitsu, the rival US and Japanese semiconductor companies, took a dispute over patent rights to the Japanese courts yesterday in an action that puts at risk hundreds of millions of dollars in royalty income for Texas Instruments.

The dispute is over the application of a Japanese patent awarded to Texas in 1989 after a 29-year struggle to have its invention of the integrated circuit protected under Japanese law.

Fujitsu claims the patent does not apply to integrated circuits it produces itself because it uses different technology. Texas Instruments disputes the claim.

Mr Norman Neureiter, director of Texas Instruments Japan, said: "We believe we have a very fundamental patent that applies to all integrated circuits produced in Japan."

Should Texas Instruments lose the case, patent agreements already concluded with four Japanese semiconductor makers – Toshiba, Oki Electric, Matsushita and NEC – could be at risk. Texas Instruments is negotiating patent agreements with Mitsubishi and Sharp. It also concluded this week a patent licence agreement with Fujitsu but the crucial 1989 "Kilby" patent – named after a co-inventor of the integrated circuit, Mr Jack Kilby – was excluded.

Fujitsu yesterday filed papers in the Tokyo District Court seeking a court determination that the Texas Instruments patent does not apply to Fujitsu products. Final determination could take years, during which time Texas will receive no royalties from Fujitsu on the patent.

"I doubt if Fujitsu will mind if this drags on for years," said Mr Steve Myers, an analyst at Jardine Fleming. "Fujitsu has everything to gain by invalidating the patent. TI has a lot to lose."

Fujitsu said its semiconductors did not incorporate the configuration in the Texas patent for insulation between elements in the chip and for connecting circuits. Fujitsu says these are crucial differences in elements of the chip and that a patent would apply only if Fujitsu used all elements described in the patent.

Mr Neureiter said the arguments were similar to those used when Fujitsu opposed award of the patent to Texas Instruments and that the arguments were rejected by the Japan Patent Office.

He said Texas had been awarded a broad patent covering the concept of the integrated circuit and that it applied to all such devices produced in Japan, regardless of small differences. Texas was seeking damages and injunctive relief through litigation in the Japanese courts.

Over the past five years, Texas Instruments has aggressively sought to protect its patents in the US courts. It first applied for a Japanese patent for the semiconductor in 1960 but the application was unsuccessful. A re-application in 1971 also failed. A 1986 application succeeded after the US increased pressure on Tokyo to strengthen the protection of intellectual property, in spite of objections filed by Japanese companies.

THE LEX COLUMN

Faltering at the summit

Perhaps it was just temporary aberration provoked by the sight of Mr John Major hobnobbing with the great and the good which drove the FT-SE to a record high of 2,561.6 on Wednesday. If so, the summit glow did not last long. By last night the index was back at 2,542, leaving the market stuck at the top of the trading range which has prevailed since the spring. The decisive upward break-out remains as elusive as ever.

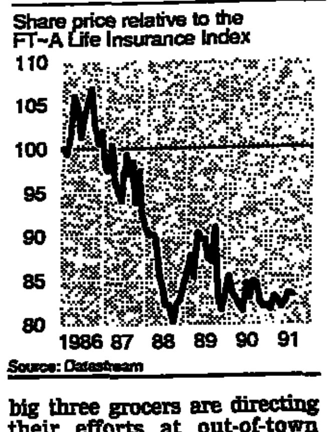
Equities now yield about half as much as gilts, which is high by historical standards. Slower growth in unemployment suggests the recession is at least bottoming out. The Tory party is gaining in the polls, though the mess the government is getting into over BCCI could rub off some of the gloss. But none of this is enough to give the market the nerve it needs.

Part of the problem is that London has outpaced Wall Street in the latest run-up, while Tokyo's Nikkei Index is again languishing below 23,000. Fears that each new peak in the UK will be met with a spate of rights issues may also be holding prices back. Most important of all, investors have yet to be firmly convinced that recovery is round the corner. Economists can detect faint signs of stirring but corporate managements cannot. Thorn EMI yesterday added its name to the long list of those warning about current trading conditions. That suggests little encouragement from the forthcoming interim reporting season. It may be into the autumn before the market can finally put the recession behind it.

FT-SE Index: 2,541.5 (−5.8)

Prudential

Share price relative to the FT-A Life Insurance Index



Source: Datastream

Isosceles

The good news about the UK's biggest buy-out is that it is still soldiering on, with operating margins up, pre-tax losses down from £39m to £21m and the underlying debt level steady. The bad news is that re-flotation in the near future is as hard to imagine as ever. UK institutions have already put up £1.4bn this year to fund aggressive expansion by Tesco, Argyll and Sainsbury. They may feel the less inclined to help victims of that aggression, especially since they have seen the market value of Asda fall this year by more than £300m.

Isosceles would argue that this is beside the point in two respects. First, it does not need to re-float for funding purposes, nor has it reached the stage where its investors need an exit. Second, Gateway is not directly in the firing-line. The big three grocers are directing their efforts at out-of-town superstores, thus coming into direct conflict with Asda. Gateway ekes out a living in the deserted high street, concentrating on serving the local community and pushing its prices up towards convenience store levels.

Whether this is a recipe for a national store chain is rather doubtful. Meanwhile, the fact that the group generated no net cash to pay down debt last year suggests a long haul, particularly since the sale of Herman's looks as remote as ever. It is too early to be sure whether the whole exercise will result in a profit for the original investors. The long-term survival of the Gateway brand looks dubious either way.

Prudential

The 23 per cent increase to £2.16bn in first half premium income at the Prudential Corporation yesterday was flattered to some degree by exchange rate movements. Still, it suggests the company has weathered the recession better than many expected, thanks partly to the launch of its new investment bond in April. Together with news that the company is finally getting to grips with the high-cost home services side of its general insurance division, that was enough to put 2p on the share price, which closed at 238p.

However, Mr Mick Newmarch, the chief executive, will have to work harder to justify last year's 43 per cent pay increase. Industrial relations problems in the life sales division and bitter memories of the ill-fated foray into estate agency have left the company severely demoralised internally. The commercial insurance side still needs attention, while there is as yet no sign of a buyer for the non-core Mercantile and General reinsurance business. This would improve the Pru's balance sheet, though pressures from that quarter must have been mitigated by the boost in the value of its investments from the stock market's rise during the first half.

Life insurance companies are still living off the fat of the high investment returns of the 1980s, which are unlikely to be matched in the present decade. They also face increasing competition from banks, all of which suggests tough times are set to continue. The Pru is the juggernaut of them all. There cannot be much medium-term encouragement in the fact that its shares have underperformed the sector by 20 per cent over the last five years.

German bonds

The D-Mark may have strengthened against the dollar as long positions in the US currency were unwound after last week's central bank intervention. But this has brought little joy to the bond market, where 10-year government paper is stuck at a yield of around 8.6 per cent. The implication is that bond investors do not expect the Bundesbank to delay raising rates indefinitely. The central bank is clearly becoming more concerned about the fiscal deficit and the risk of a wage price spiral as inflation moves above 4 per cent. With the chances thus increasing that German rates will rise when the Bundesbank council reassembles next month, the question is whether the scope for further base rate cuts in the UK could be correspondingly reduced.

Beazer

Beazer is starting to look like a company with a jinx. The shares had recently started a tentative recovery after falling nearly 70 per cent in the space of five weeks. That was promptly knocked on the head by yesterday's news of the suspension of shares in its Hong Kong-based subsidiary Beazer Asia. Trading will resume on Monday, and the group points out that in any case Beazer Asia accounted for less than 5 per cent of its net profits last year. But it is depressing that a subsidiary which last year increased its profits by 133 per cent no longer seems exempt from the problems afflicting Beazer in the US and UK.

Executive

Continued from Page 1

the resolution of what insiders say was a long-standing struggle between different factions within BCCI. Mr Naqvi and Mr Abedi, from East Pakistan (now Bangladesh), formed the original core of the management group. After their departure, control shifted to executives who originated in West Pakistan.

The gradual change in power coincided with the purchase of a majority stake in the bank by Sheikh Zayed bin Sultan al-Nahyan, ruler of Abu Dhabi.

Mr Naqvi was succeeded as chief executive by Mr Zafar Iqbal, who had been managing director of BCC (Emirates).

He was brought in from Abu Dhabi to supervise the restructuring of the group and the transfer of its operational headquarters to the emirate, sidelining Mr Naqvi.

Lamont agrees to inquiry

Continued from Page 1

have been sent to the Bank of England, rather than the Department of Employment, but would not have changed the course of events.

Last night, Mr Neil Kinnock, Labour leader, said the government had, "panicked . . . because of the pressure of demands, and because the trail of negligence had led to the door of ministers and the prime minister himself."

A public inquiry offers a glimmer of hope to local authorities and depositors who have lost heavily following the BCCI closure. Mr Lamont said he had "no reason to doubt that the Bank acted properly and promptly" but admitted that if an inquiry found evidence of negligence he would consider "the implications of that at the time".

Mr Lamont cited as an example Barlow Clowes, the investment group which collapsed in 1989. Then the government paid £150m in compensation after the parliamentary ombudsman found "significant maladministration".

The chancellor told MPs the inquiry could cover BCCI's auditors but was unlikely to include actions of local authorities or brokers who acted for them. The investigation is expected to be chaired by a senior lawyer.

Advertisments in national newspapers yesterday said BCCI's majority shareholders – including Abu Dhabi government – "were shocked by the abrupt action taken by the Bank of England". The closure on July 5 "has resulted in the destruction, at a stroke, of what the majority shareholders believe was a well structured and viable future plan," the advertisments said.

Mr Lamont talked about an inquiry by telephone with Mr Leigh-Pemberton yesterday morning and later with Mr John Major.

Only the night before Treasury officials had said the priority was to wind up BCCI and help depositors and Mr Leigh-Pemberton told MPs at a private meeting in the Commons that an inquiry would not help depositors or the liquidators. Officials said yesterday that Mr Leigh-Pemberton had agreed to the inquiry.

Mr Lamont's relative calm in the Commons did not disguise obvious government concern over what he described as a "fraud on a massive, and probably unprecedented scale, and on a world-wide basis as well".

Labour have increasingly focused on the BCCI, even against the background of rising unemployment.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Leifheit	744	+	14
Lufthansa	133.8	+	4.3
Philips Kommun	520	+	10
Schmalbach Lub	510	+	9
Falls			
Heidelb Zem	1020	−	15
Rheinelektra	1472	−	23
NEW YORK ($)			
Rises			
Digital Equipt	67¾	+	¼
IBM	100½	+	2¼
Stratus	34¾	+	3½
Falls			
Bristol-Myers	80⅞	−	1
Motorola	65⅛	−	⅝
Texas Instr	33½	−	3¼
New York prices at 12.30pm.			
LONDON (Pence)			
Rises			
ADT	590	+	20
BPB Inds	187	+	7
Barratt Devs	68	+	6
Bridport G'dry	48	+	5
Business Tech	58	+	8
Central ITV	810	+	20
Christies Int	187	+	10
Maxwell Comms	193	+	6
Nth West Wtr	377	+	15
Rothmans B	1035	+	26

PARIS (FFrs)			
Rises			
Bouygues	558	+	18
Casino	125.7	+	5.3
Orsan	201	+	6
Falls			
Gal Lafayette	1536	−	64
Locafrance	446	−	16
SILIC	550	−	46
TOKYO (Yen)			
Rises			
Japan Paper	570	+	44
Topre	1140	+	80
Falls			
Akai Electric	1120	−	90
Hashimoto Form	620	−	50
Keisei Elec	1180	−	100
Kitano Const	2060	−	170
Sterling Tst	50	+	4
TGI	38	+	6
Falls			
Beazer	80	−	9
Caffyns	315	−	10
Edmond Hldgs	36½	−	6½
Evode	53	−	6
Peel Hldgs	108	−	6
RMC	640	−	15
Ratners	142	−	7
Thorn EMI	720	−	11

New KGB gets down to business

By Leyla Boulton in Moscow

A UNIQUE offer will soon be available to western businessmen in Moscow. The KGB, which has decades of experience tapping foreigners' telephones, plans to sell them secure telecommunications.

That's not all. If you are to believe a "prez reliz" (press release), the new KGB being set up for Mr Boris Yeltsin's Russia represents a "unique opportunity" to adapt Soviet security organs to democratic changes in the rest of society.

Major-General Viktor Ivanenko, acting chairman of the new Russian security agency, said yesterday he would maintain the best traditions of the Soviet KGB while discarding their bad habits.

Furthermore, he would pay his agents more than their Soviet counterparts by charging customers for installing official hot lines and offering new services to westerners.

The 44-year-old former agent with a markedly honest face said the Russian security agency would defend Russian laws, fight crime, combat anti-constitutional activity and even engage in espionage and counter-intelligence.

Asked, however, who would look after spying on, say, Britain, the major-general said the central KGB headed by General Vladimir Kryuchkov would continue to dominate foreign intelligence work.

The Russian KGB would also operate in the spirit of glasnost.

In that case, would the major-general tell the public how many people would work for the new agency? Alas, he could not disclose any such figures until the Soviet parliament allowed them to be published.

What about separating the Communist party from the KGB – one of President Yeltsin's election campaign themes?

Well, of course, this was important, replied Mr Ivanenko, but could only be done gradually. He knew plenty of KGB colleagues who were leaving the party of their own accord. As for his own committee of 20, he had to confess they were all still party members.

WORLDWIDE WEATHER

Today: most of Britain will have a dry day. It will be cloudy early in the day but later there will be some sunshine with the best weather in eastern areas. In northern Scotland there will be some light showers. Outlook: mainly dry with increasing sunshine but some rain and drizzle in the far north-west.

		°C	°F
Ajaccio	S	27	81
Algiers	S	34	93
Amsterdam	C	17	63
Athens	F	33	91
Bahrain	S	33	91
Barcelona	S	29	84
Belfast	C	16	61
Belgrade	S	25	77
Berlin	C	18	64
Biarritz	S	24	75
Birmingham	C	17	63
Blackpool	C	16	61
Bombay	Dr	30	86
Bordeaux	F	27	81
Boulogne	C	16	61
Bristol	C	17	63
Brussels	C	16	61
Buenos Aires		−	−
Budapest	F	27	81
Cairo	S	32	90
Cape Town	S	23	73
Cardiff	C	16	61
Chicago †	S	23	73
Cologne	C	17	63
Copenhagen	R	15	59
Corfu	S	30	86
Dallas †	S	24	75
Dublin	C	18	64
Dubrovnik	S	28	82
Edinburgh	Dr	16	61
Faro	F	25	77
Florence	S	33	91
Frankfurt	S	24	75
Geneva	F	29	84
Gibraltar	S	29	84
Glasgow	C	18	64
Guernsey	C	15	59
Helsinki	F	19	66
Hong Kong	C	31	88
Innsbruck	F	23	73
Inverness	F	17	63
Isle of Man	C	17	63
Istanbul	F	29	84
Jersey	C	17	63
Johannesburg		−	−
Las Palmas	S	26	79
Leeds	C	18	64
Lisbon	S	23	73
Locarno	S	28	82
London	C	18	64
Los Angeles †	C	18	64
Luxembourg	C	18	64
Madeira	S	26	79
Madrid	S	34	93
Majorca	S	29	84
Malaga	S	28	84
Malta	S	28	84
Manchester	C	15	59
Melbourne	F	15	59
Mexico City		−	−
Miami †	S	28	82
Milan	S	27	81
Montreal †	S	24	75
Moscow	C	21	70
Munich	C	19	66
Nairobi	C	19	66
Naples	S	31	88
Nassau		−	−
Newcastle	C	15	59
New Delhi	F	34	93
New York †	S	29	84
Nice	S	27	81
Nicosia	S	28	82
Oporto	F	31	88
Oslo	F	19	66
Paris	C	17	63
Peking	C	28	82
Perth	C	12	54
Prague	F	23	73
Reykjavik	F	14	57
Rhodes	S	29	84
Rio de Janeiro		−	−
Rome	S	28	82
Salzburg	C	18	64
S'Francisco †	C	14	57
Santiago		−	−
Seoul	R	26	79
Singapore	F	32	90
Stockholm	F	20	68
Strasbourg	F	25	77
Sydney	S	18	64
Tangier	F	26	79
Tel Aviv	S	28	82
Tenerife	S	31	88
Tokyo	S	27	81
Toronto †	S	24	75
Tunis	S	31	88
Valencia	S	31	88
Venice	S	27	81
Vienna	C	23	73
Warsaw	R	19	66
Washington †	C	26	79
Wellington	C	12	54
Zurich	R	21	70

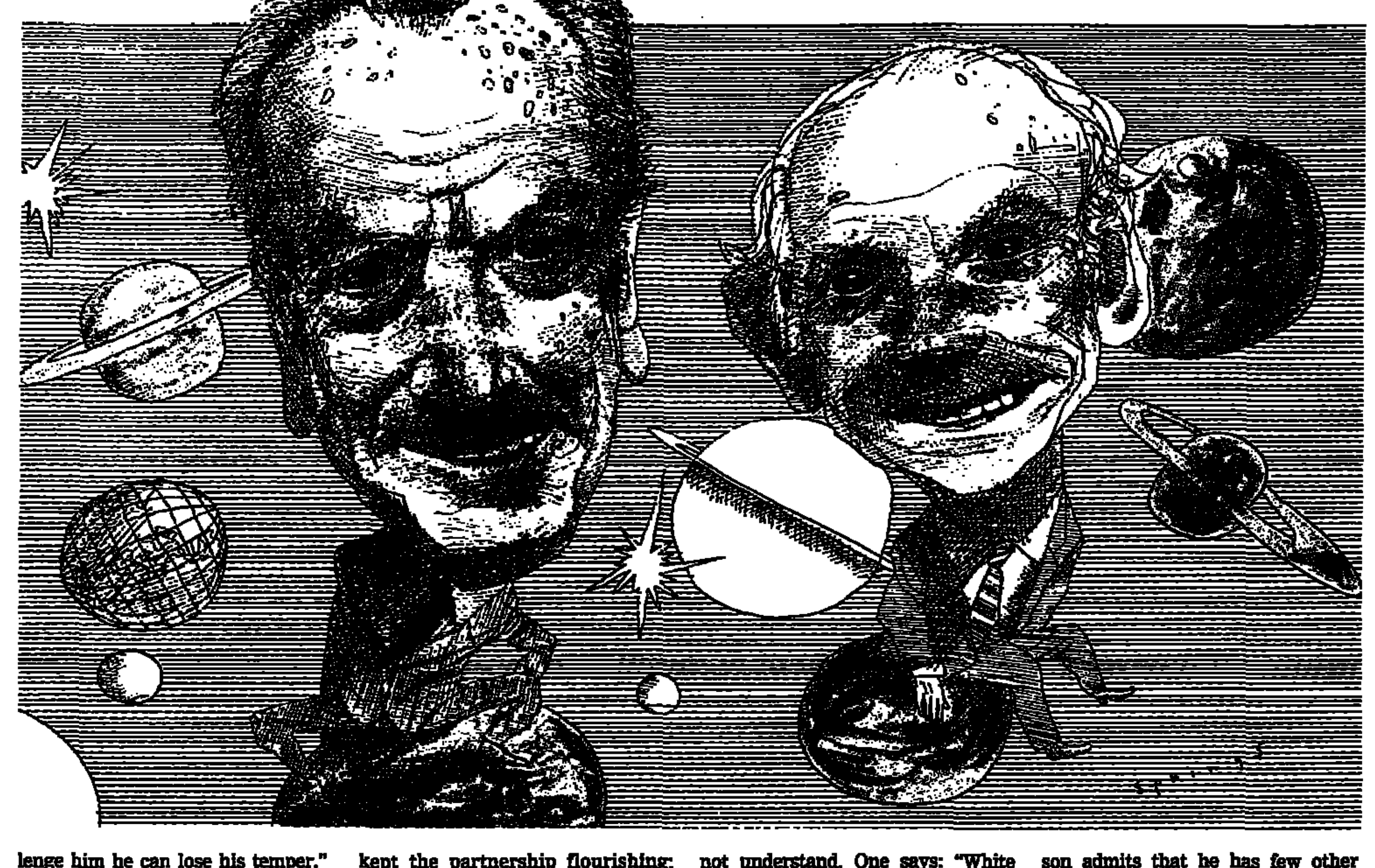
Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT

SECTION II

Weekend July 20/July 21 1991

What drives the lords of the deal?



THE WINDOWS look across Hyde Park Corner into the Royal Family's back garden in Buckingham Palace. The desk, backed by shelves of photographs, is in the left hand corner of the room. In the middle is a round conference table, a brass clock at its centre. The atmosphere is set by the easy-listening music, warm wood and plush carpet.

The occupant – a tall, tanned, angular figure with immaculate clothes and sharp eyes – is entirely at one with his surroundings.

For Lord Hanson the room seems more like a living room than an office. But it has a very different significance for employees of the conglomerate which bears his name. For them, in the words of one former Hanson executive, the room is "the furnace." It is the source of the energy and power which drives the company on.

Its future will turn on the future of "the furnace". One question is increasingly being asked in business circles: is the supply of fuel to the furnace drying up, and if so what will become of the company when it finally runs out?

The huge transatlantic success of the Hanson group stems directly from its founders. Hanson, though, is 69 and Lord Gordon White, his partner, 68. Recently, they put off retiring for five years. But that merely delays the day of reckoning – a day that could come earlier if they go ahead with a takeover bid for manufacturing giant ICI, and fail in the attempt.

But is the group in a position to cope with the absence of the men who created it? Will it outlive these two formidable entrepreneurs? Who will take over when Hanson and White retire?

Hanson makes money through the rigorous application of simple financial and management rules. But the heart of the company is the personality of the founders and their relationship – a relationship based on loyalty and complete mutual trust that has helped create the most successful partnership in recent British business history. The strengths and weaknesses of the Hanson group are inseparable from the strengths and weaknesses of Lords Hanson and White.

Lord King, chairman of British Airways, who has known them for 30 years, describes the partnership as "extraordinary close". He says White "takes over the very sleepy companies", leaving Lord Hanson to manage them into "immensely strong British companies".

The partnership started in 1963 when Hanson and White lunched in a London restaurant. Hanson at that time had a small but profitable transport company which had grown out of his family business in Yorkshire. White had a printing, publishing and advertising company, based in Hull. He was, in Hanson's words, "wearing off shoe leather" tramping around public houses selling advertising space on garage calendars. He was fed up. He wanted to buy another company.

After listening to White's problems, Hanson recalls leaning over the table and saying: "My dear Gordon, I've got the answer to all your problems. Come with me to Lloyds Bank and you can borrow. And on that day the world of leverage was opened to Gordon White."

In return, White opened up the world of deal-making to his partner. Hanson now reflects: "It is not me. I would never have done it on my own. I would have been very happy to go on with the transport business in Yorkshire and have a nice pleasant life. I didn't have that ambition until I got together with Gordon."

It was White who suggested putting their businesses together to create a mini-conglomerate of transport and printing companies. From the start they aimed to create a vehicle for buying, selling and building up basic businesses which were badly run.

They decided to buy businesses with mature technology and strong market positions which were not threatened by technological changes or competition. Throughout the 1960s, they acquired a string of companies making everything from bricks to batteries.

In 1973, White was despatched to America to establish a business. Hanson was knighted in 1976 by the Labour government, but White loathed life under Labour so much that he concentrated on the US. Since the mid 1970s, Hanson has staged some of its most audacious acquisitions there.

Hanson's best decade was the 1980s, when stock markets soared and there was a merger boom on both sides of the Atlantic. Hanson and White pulled off a string of deals worth billions, ranging from SCM, the US conglomerate, to Imperial Tobacco Group, the UK food and tobacco producer, Consolidated Goldfields and Peabody mining.

These deals have been well-documented. Less well known is what drives the two men and the nature of their talents.

Hanson is a deeply personalised company. A former Hanson director says: "It is not a pyramid, or a matrix or a tree. The management system is a solar system, with everyone circling around the sun in the middle, James Hanson. Everyone around is in elliptical orbit. Suddenly you are at the centre of the universe and the next moment you are hurtling into outer space, wondering what happened."

One example concerns the company telephone exchange. When the company moved from Knightsbridge into the Imperial Group offices overlooking London's Hyde Park Corner it inherited an exchange programmed with a host of short telephone code numbers. Constantly-used numbers – bankers and brokers, lawyers and accountants – were first on the list. Lord Hanson had them all changed so that his priority numbers – Lady Hanson, his house in the country, his Range Rover, and so on – came first.

Hanson is skilled at dealing with people, and has a social confidence and personal charm that come in part from his height and good looks. He is fastidious and tidy, taking great care over his dress and appearance. He emits subdued personal power and evident charm. Former employees say he shows great loyalty and inspires it in return.

Because people feel he will stand by them, they tolerate his sometimes harsh behaviour. Even White admits: "He can let off a bit. He has a bit of a temper." For those who are on the receiving end – never White – he can be offensive. "You are a dime a dozen you lot, I could replace you tomorrow", is a typical outburst, say former executives. One adviser says: "There is a streak of arrogance that runs through his confidence. If someone tries to challenge him he can lose his temper."

He is intensely concerned with the company's image and reputation. Once, a director picked up the phone to be asked by an irate Hanson: "Did you notice anything unusual as you came in?" As the executive thought about the pot plants and the carpet, Hanson bellowed: "The doorman. He was wearing a filthy suit. Get rid of him." Another director found one day that Hanson had poached his secretary.

***Charles Leadbeater and Roland Rudd** examine the extraordinary partnership of Lords Hanson and White, Britain's most successful business predators*

He wrote Hanson a polite note suggesting that he might have been consulted. The reply was swift. "The last thing I need is snotty little notes from you."

The personal power emanating from the Hanson-White relationship makes it clear where everyone stands: there is no management hierarchy, no greasy poles to climb. In White's assessment: "There are no office politics at Hanson." However, there is a corporate culture that prevents people from always speaking their mind. Employees are encouraged to work within clear parameters and not to expect regular promotion.

Some employees believe the separation of Hanson and White has kept the partnership flourishing; Hanson is in the UK most of the time and White in the US. But their flexibility and trust is the foundation of the company's speed and decisiveness. Decisions do not get lost in committees. They are taken quickly by the founders and a small team of advisers. White says: "The partnership that James and I have is unique. If there is something that I think we should do, there is never any problem having to convince James."

Hanson is the first to admit that White is the "creative one". According to former managers, White is conscious of this and the fact that the conglomerate bears Hanson's name sometimes irritates him. White is quick to claim credit for his own successes: "I do all the deals, James does the managing." Lord Hanson, perhaps sensitive to this sign of insecurity, frequently lavishes praise upon his partner. A former director says: "You should have seen the work he put into getting White his peerage; that was loyalty!"

Those who have worked for both say White is in charge of strategy. He looks for the companies and sets out the plan of attack. White has no inclination to do any managing. As he puts it: "James has an amazing ability to deal with detail. It is quite extraordinary. So he does the managing."

Former executives say White and Hanson have succeeded because they keep things simple and never get drawn into businesses they do not understand. One says: "White has no grasp of the figures, but he understands how businesses work."

In the Hanson offices is a library of files on about 100 companies. Companies do not become takeover targets because committees consider the issue. They simply emerge at the top of a pile of potential candidates.

Three clues indicate to White that a company is ripe for takeover. A string of bad results is the most obvious. The second is the amount of capital employed in a business. (In 1987 White bid for Kidde, a US-based manufacturing and service company, because he believed it was "stuffed with capital". Within two months he had taken $100m out of the business by introducing better credit controls.) Finally, a decision to go private is in White's view an admission by the management that something is wrong.

White is also a great worrier, especially about the downside in a deal. Hanson says: "We would actually have done a lot more deals if Gordon did not have so many worries. He is constantly looking for the potential trouble in a deal."

White is not sentimental. One of his great strengths is that he has always been willing to walk away from a deal, as he did in the case of PowerGen last year. Predators are often desperate to win at any cost, but White was always ruthless enough to avoid feeling that he *had* to win.

One difference between the partners is their appetite for work. Hanson admits that he has few other interests outside the office – as UK executives with fax machines at home know only too well, especially when Hanson is at his houses in California. "He tends to get bored so he fires off memos and faxes", says a former director. "Friends have come back from the theatre to find their living rooms covered in faxes."

In his 30s Hanson was known as a playboy, but has long since settled down to private, married life. He says he has "a beautiful lifestyle" with houses in London, Berkshire, Palm Springs and Beverley Hills. In contrast White – who has been married twice and has a son and two daughters – has a gregarious, extrovert public life and a busy social calendar; this summer, it has included the Derby (sponsored by the Hanson company, Ever Ready), Royal Ascot, Wimbledon and Henley.

Executives describe life within the company as exciting. Jeremy Marshall, chief executive of the printing company De La Rue, worked for Hanson for 17 years and says it was "a dream" managing his businesses. "He paid no attention to your background or experience. He was only interested in your ability to manage and was happy to let you get on with it. It was a very nice place to work."

Greg Hutchings, chief executive of Tomkins, the engineering conglomerate, who worked for Hanson

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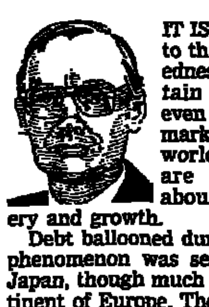
The Long View/**Barry Riley**

Three ways to repay debt



IT IS time to come back to the subject of indebtedness. The debt mountain is still with us, even though the stock market is bubbling and world political leaders are grandly talking about economic recovery and growth.

Debt ballooned during the 1980s. The phenomenon was seen in the US and Japan, though much less so on the Continent of Europe. The trends have been especially extreme in the UK, where bank and building society lending in sterling increased by an astonishing £88bn in 1989 alone. Although there is supposed to be a severe monetary squeeze the debt Everest has continued to rise at an annual rate of £40bn so far in 1991. But some time soon the debt is actually going to start falling, and it is as well to be prepared for the consequences.

Much of the debt has related to the housing market. New home loans reached £40bn a year at one stage, but actual investment in building houses has never exceeded £20bn. Surplus capital has largely slopped over into consumer spending, helping to explain the surge of demand in the late 1980s.

Corporate borrowing also soared, peaking at £33bn for the industrial and commercial company sector in 1989. Companies are now starting to cut back on this debt, refinancing it with equity where they have access to the stock market. Manufacturing industry's bank borrowings fell by nearly £1bn between March and May this year. But the property sector remains in crisis, with a further £0.5bn rise in the quarter to a total of £40.6bn.

Overall there is now about £450bn of sterling bank indebtedness, equivalent to about 80 per cent of GDP. The position is much more stretched than at the last notable borrowing peak in 1974, when borrowings of £43m represented about 50 per cent of GDP, a ratio which dwindled to 40 per cent within three years.

There are three main ways in which the burden of debt can be reduced. Inflation is a favourite method, and was the route followed by the UK in the mid-70s. When inflation is 25 per cent and interest rates are at about 10 per cent it is surprising how quickly that towering debt mountain can be cut down to size in real terms.

Method two is honest repayment. Sometimes, as with industrial companies, which have raised £6bn through rights issues so far in 1991, this can be achieved through refinancing. But for the man in the street it is a grim matter of cutting back his spending to finance the instalments. For the economy at large, the paying down of the debts will imply a prolonged period of high saving and depression of demand. The banks face a contraction of their business, and by definition it is the good loans that will be repaid, leaving a higher proportion of dubious outstandings.

Finally, there is the more catastrophic solution of financial collapse. So far the big UK banks are recognising that 2 per cent of their domestic loans are going bad each year but they have not yet faced up to the true scale of the property crash (although much of the price of that will be paid by foreign banks). You can regard BCCI, if you like, as a kind of international equivalent of London & County Securities, the failure of which triggered the UK's secondary banking crisis in 1973. The central banks will not permit any domino effect, but ultimately bailing out banks and their depositors is inflationary so, if the worst comes to the worst, avoiding solution three means adopting solution one.

Officially we have rejected inflation. It is heading down towards 4 per cent, and could soon be running at less than the German rate. But a consequence will be that any fall in real asset values will show up as nominal price declines, with no fudging.

Commercial property values declined only modestly in nominal terms after peaking in 1973, but in the next four years inflation raced to a cumulative 92 per cent. In real terms values had halved, but in a way which minimised the embarrassment to lenders. As for residential property, house prices rose by 25 per cent in those four years, but that disguised a real drop of over a third. Indeed, between 1974 and 1982 house prices fell in real terms in seven years out of nine.

In real terms house prices nationally have fallen by only about half as much since the peak about two years ago (though by a good deal more in London). The historical statistics must be kept in mind whenever building society chiefs or estate developers talk about another property boom just around the corner; the sober fact is, the adjustment has quite a long way to go.

The other important point about debt is that it is not going away, but is moving into the public sector. In 1987-88 the government was in surplus to the tune of £14.7bn, but there will be a deficit of at least £10bn this year and Salomon Bros is forecasting a borrowing requirement of £25bn for 1993-94 (or nearly £30bn excluding privatisation receipts). Remember that the private sector borrows short but the public sector likes to borrow long, implying that the yield curve, which has already moved from downward-sloping to just about flat, now that base rates are down to 11 per cent, will assume a pronounced upward slope in future. That is not particularly favourable for equities, the prices of which are affected by long bond yields.

The important thing is to be conscious that the excesses of indebtedness will take a long time to be corrected. They permeate much of the world economy; indeed, there are supercycle echoes from 60 years ago although the parallels with the 1930s need not be very close.

The worrying aspect from Britain's point of view is that the inflationary solution is so tempting. It is the only way to default on obligations without creating riots in the streets: imagine the BCCI furore multiplied a hundredfold.

The government is still forecasting economic sunshine just around the corner. Perhaps we should be careful to take wellingtons and a stout umbrella.

FINANCE AND THE FAMILY

London Markets

Investors flushed with enthusiasm

THE MOST striking economic indicator of the week is the sale of a public lavatory in Charing Cross Road, London, for £350,000, three times the figure expected.

This does not indicate, as you might think, that Britain's ageing population is making it more profitable to cater to the nation's weak bladders. The lavatory is being sold not as a going concern, but as a property with planning permission for retail use. The price therefore indicates that the worst may be over for the retailing sector.

That has certainly been one of the themes of the July stock market rally, which continued briskly this week. Stores have been the second-best performing sector of the month, outperforming the FT-Actuaries All Share index by 4.2 per cent. (Despite BCCI, banks were the top-rated sector, outperforming by 5.4 per cent).

This week, W.H. Smith has been a particularly notable performer, helped upwards by a couple of clumsily executed large buy orders.

Even without such assistance, however, the stock has done well: since July 28 it has risen from 373p to close at 424p on Wednesday. The sharpest rise has been in the last 10 days, after the successful conclusion of its £148m rights issue. Since July 9, W.H. Smith has outperformed the stores sector by nearly 7 per cent.

The next test for the stores sector – and for the market's overall current mood of enthusiasm – will come on Monday, when the June retailing figures are published. The month-on-month change for May was minus 0.3 per cent; for June, the consensus estimate calculated by MMS International, the financial research company, is flat. The estimates range from −1.1 per cent to +0.8 per cent, however, and a result towards the upper end of the range would set the seal on the market's belief that economic recovery is in sight.

The view that consumers are about to start buying again stems in part from the argument that it is not the absolute level of unemployment that matters to consumer confidence but the rate at which unemployment is rising. In the recession of the early 1980s, consumers started buying durable goods – washers, fridges, televisions – once the rise in unemployment had slackened. This week's unemployment figures, published on Thursday, showed that seasonally adjusted growth in unemployment is definitely slackening: at 59,700, June's addition to the number of unemployed was the lowest since January, and well below the peak of 111,200 reached in March. Average hours worked in manufacturing rose slightly in May, the latest month for which these particular numbers are available.

The FT's own indicator of economic activity – column inches of classified job advertising – showed a strong performance this week; the volume next Wednesday and Thursday will be an important test, say the people in charge, of whether that marks the beginning of an upturn or just a last flurry before the holidays.

Even if this handful of swallows makes a summer, the real benefit of rising activity will not reach most companies until later in the year – or perhaps not till 1992. None the less, confirmation that recovery does indeed lie ahead would help the market survive what are likely to be a string of poor interim results in the reporting season that starts next week.

Meanwhile, investors have had to digest another of the year's string of rescue rights issues: a £30.6m one-for-one issue of shares by Howden Group, the Scottish engineers. Howden's problems stemmed not so much from the weakness of the UK economy – 80 per cent of its turnover is overseas – but from a disastrous contract to build tunnelling machines for a project in Denmark. The shares ended the week at 38p, down 7p from the previous Friday and only 8p higher than the 30p rights issue price. Shareholders are not the only people being asked to make a sacrifice: Johnny Johnsen, chairman and chief executive, is to give up the chairmanship.

Other corporate developments included the news that Rosehaugh and Stanhope were in discussions about a merger; that Brent Walker has a new chief executive, turnaround expert Ken Scobie, but that its rescue package is jeopardised by opposition from some banks; and that Maxwell Communication (MCC) is to float its US assets, the great bulk of the company. Peter Walker, the former Conservative Cabinet minister, had been due to take over the chairmanship of MCC, but he has decided against the job, and it remains in the hands of Robert Maxwell, who had previously planned to step down.

These developments had a mostly negative impact on the respective share prices. Rosehaugh ended the week down 3p at 30p; Stanhope closed up 2p at 42p; Brent Walker ended the week at 22¼p, down 6¾p. MCC closed the week at 193p, down 9p from the previous Friday.

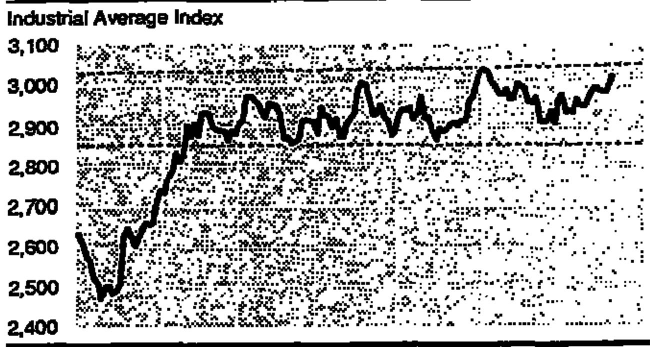
One market rumour that vanished during the week was the supposition that Philip Morris, the US food, beer and cigarette group, was looking to the UK for its long-awaited European acquisition. Shares of Cadbury Schweppes and United Biscuits both dropped as the market moved on to speculate that some sort of tie-up with Heineken, the Dutch brewer, might be under consideration. Cadbury ended the week at 364p, down 15p; United Biscuits at 375p, down 17p.

Overall, as the chart shows, the market stayed at the top of its trading range, without decisively breaking through. Analysts felt that it might take a significant move ahead by Wall Street, not quite so close to the top of its trading range, to give London the push it needs to break upwards. This week, after closing at a new FT-SE high of 2561.0 on Wednesday, London ended Friday at 2541.5, up 44.1. Respectable, but not dazzling. If only the market for shares were as bullish as the market for public conveniences!

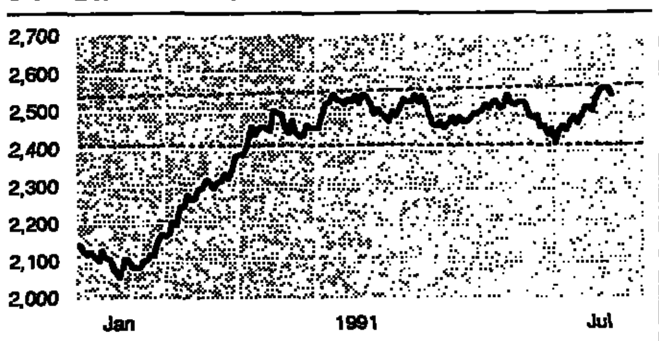
Peter Martin

Dow Jones

Industrial Average Index



FT~SE 100 Index



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2541.5	+44.1	2561.0	2054.8	Optimism for economic recovery
Barratt Dev	68	-14	126	57	Broker 'sell' notes/debt burden
Brent Walker	22¼	-6¾	88	17	Refinancing doubts
Brit Gas	268½	+17	275	216	USSR joint venture/'buy' recs
Carlton Comm	477xd	+34	507	350	Owns 20% of Central
Central ITV	810	+185	810	480	Franchise likely to be kept cheaply
Clinton Cards	157	-39	297	150	Profits warning
Costain	156	+14	223	140	Takeover speculation
IMI	245	+16	267	183	Broker recommendations
LASMO	360	+24	397	312	Change in Columbia tax treatment
NatWest Bank	319	+20	352½	247	Broker 'buy' recommendations
Reuters	774	-37	906	673	US bank merger may cut sales
Scottish TV	493	+100	515	257½	Franchise likely to be kept cheaply
TI Group	543	+18	550	371	US exposure
TV-am	125	-28	217	124	Franchise likely to be lost

Serious Money

As safe as the Bank of England

By Philip Coggan, Personal Finance Editor

AN obvious reaction to a banking scandal, such as that of Bank of Credit and Commerce International, is to ask the question "Is my money safe in any financial institution?"

The answer, of course, is that while all financial institutions are not safe, the vast majority must be. Were a substantial proportion of Britain's banks and building societies to fail, it would be no good hiding your money under the mattress. Money would have no value in such circumstances.

The problem lies in separating the good majority from the bad minority. The temptation is to opt for the devil you know – the High Street name. Provided that the definition of High Street includes both banks and building societies, this seems to me a perfectly sensible strategy.

I have argued before in this column that current account holders should consider switching their funds from the big four banks to a big building society, where the services available are of a comparable standard and the interest rates paid are higher.

One could make the same argument on safety grounds. Deposit protection at building societies is better than that at banks – 90 per cent, as opposed to 75 per cent, of the first £20,000. And the building society movement has a better record of rescuing its fallen brethren.

Of course, it is virtually impossible to imagine one of the big four banks being allowed to fail. The Bank of England would step in to ensure their rescue. This is not evidence of the British favouring their own; it is just that the effect on the economy of a big four bank collapse would be devastating. Sad though the collapse is for depositors of BCCI, it does not have any significant economic ramifications.

But what about the smaller institutions? BCCI is far from the first banking failure of the 1990s – Chancery and Edington have already gone under this year. In the wake of the BCCI affair, there is likely to be a "flight to quality" in the market, with large depositors shifting funds to the better known banks. That alone may put pressure on the smaller banks.

The first rule must obviously be diversification. Do not put more than £20,000 in any small institution; your maximum loss will then be limited to £5,000.

Second, remember the risk-reward trade-off. All other things being equal, higher returns can only be achieved by taking higher risks. BCCI was offering premium interest rates on its deposits, but the rewards on offer turned out to be illusory.

There has to be an element of 'moral hazard' in the system

In that case, you might understandably splutter, why do newspapers encourage investors to shop around for the best rates on offer? The reasons are twofold. There can be a difference in the rates available from different classes of institution – building societies can usually offer better rates to the small saver than banks can.

And there is a difference between an institution which is offering an above-average rate on one product, such as a TESSA, to attract funds and an institution that is paying over the odds on all its deposits. The former is a marketing ploy; the latter a sign of an urgent need for funds.

To assess risk and reward, you need to do a little research before you place your hard-earned cash with an unfamiliar name. You would not buy a house for £50,000 without conducting a survey, so why put the same amount in a bank without throughly checking its past?

The average depositor cannot have been expected to have been aware of all the stories about BCCI, but the money laundering case was front page news. That ought to have been enough to cause doubts about the bank's reliability. You will not, as a depositor, get many stronger hints of untrustworthiness than occurred at BCCI; regulators are not going publicly to announce "We think the bank may be crooked, but we can't prove it yet."

There has to be an element of "moral hazard" in the financial system. If depositors were covered against all losses, they would simply give their funds to the dodgiest and most crooked bankers who offered the highest rates. When those banks failed, the cost would then fall on the sensible and prudent who had invested their money wisely. In the end, we would all lose out.

Readers may be worried about the state of the UK financial system at the moment, but it is a lot healthier than that of the US, where deposit protection is far more generous. Over the past two years, the US government has had to spend around $160bn (£100bn) in current prices, on rescuing insolvent savings & loans institutions, the equivalent of our building societies.

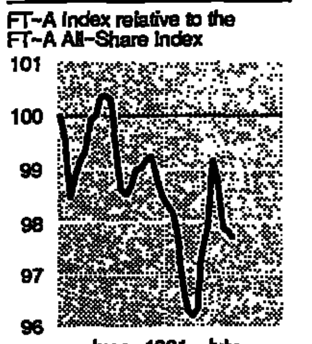
It is no good putting your head under a blanket and moaning that the financial system is all too complicated to understand. The old common sense rules, which I make no apologies for repeating, apply. If a financial product sounds too good to be true, it usually is. And if you do not understand what you are being offered, do not buy it.

Cases of fraud like that at BCCI are still, happily, exceptional. The vast majority of bank depositors have nothing to worry about; but your money will be safer if you exercise some prudence about whom you entrust it to.

AT A GLANCE

Media

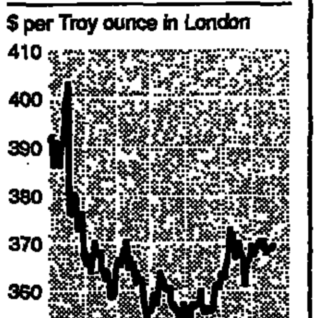
FT~A Index relative to the FT~A All~Share Index



Source: Datastream

Gold price

$ per Troy ounce in London



Source: Datastream

Franchise rumours affect media sector

It was a dizzy week for the media sector, as media comment drove several stocks higher, while the sector as a whole was weak. Subject of all the speculation was the ongoing auction to win independent television franchises. It emerged that Central TV and Scottish TV, both of which were unopposed in their areas, had managed to escape by bidding to pay the government less than £1m.

The effect on their stock prices was predictable. Buyers switched into Central, up 165p to 790p over the week, and Scottish (up from 393p to 500p).

Gold price shows slight improvement

Trends in the gold price speak volumes about market confidence. Gold, seen as a reassuring store of value in hard times, has had a poor year, its price dropping heavily after the Gulf War reached a conclusion.

As the above graph shows, traders are now beginning to feel the need to buy gold again, showing that confidence in the broader bond and equity markets may be lower. Some houses, including James Capel, are bullish about unit trusts investing in gold, but potential investors should not get too excited. Some such trusts have logged up dreadful performances over the long term – for example, Save & Prosper Gold & Exploration has dropped 8.7 per cent in value over the last ten years.

Best annuity rates

Best annuity rates for this week, according to Baronworth Investment Services, are as follows. All assume that the annuitant is a 70-year-old man, making an initial payment of £10,000. For temporary annuities, which stop after a nine-year term, Sun Alliance leads with annual payments of £2096 – an improvement on the best rate last month – followed by Generali with £2069.79.

The highest immediate annuity, payable until death, comes from RNPF Nurses, at £1647, followed by Pearl on £1582. For compulsory purchase annuities, which must be bought with the bulk of the money you receive from your pension when you retire, and on which more tax is payable, Generali leads with £1630.45, followed by Eagle Star with £1616.04.

Co-operative Bank decision amended

Co-operative Bank has amended its controversial decision to charge account holders £5 each time it answers an external inquiry about their credit-worthiness (Weekend FT, June 22). The bank has now decided to charge only when a customer requests a copy of its reply to the inquiry. In June Co-op became the only UK bank to promise not to answer status inquiries without first obtaining a customer's written permission. Steve Worthington, head of marketing and planning, said that most customers had responded favourably to the decision, but some had been critical of the £5 charge.

Smaller company indices at odds

Smaller companies indices disagree with each other this week. The Hoare Govett Small Companies Index rose 0.25 per cent to 1154.50 in the week to July 18, but County's index fell by 0.10 per cent from 937.4 to 936.4 over the same period.

Tax book aims to help elderly

Age Concern England has published a book aimed at helping the elderly with tax problems. *Your Taxes & Savings 1991-92 – A guide for older people* costs £3.95, and is available from Age Concern at 1268 London Road, London SW16 4ER.

Wall Street

A big fuss over Big Blue

AS NEW Yorkers perspired outside in the near 100-degree heat of high summer, inside the huge air-conditioned trading halls of the Stock Exchange this week the market professionals sweated over what Big Blue might do to the Big Board.

After a series of warnings from IBM about its profits for the second quarter, investors and dealers were prepared for the worst. Yet that did not stop them betting on what the computer giant would come up with on Friday. IBM shares rode a roller-coaster all week, taking the market with them. They hit a 52-week low of $95⅝ early on Thursday amid fears that a nasty surprise might ambush the market, but recovered in a late burst of confidence to close $2 higher at $98⅛, in the process helping the Dow to finish above 3,000 for the first time in more than a month.

After all the fuss, when the figures finally came out yesterday the sense of relief, and anti-climax, was palpable. The numbers themselves were not that important. April-to-June income fell 92 per cent to $114m on revenues of $14.7bn, and the 20 cents-a-share earned in the quarter was in line with analysts' (admittedly depressed) expectations.

What mattered more was that after the IBM earnings were released the market could leave them, and with it a worrisome second quarter, firmly behind. As one Wall Street analyst said yesterday: "This quarter is history."

This might seem a bit odd, given that the reporting season is far from over. Yet there was a strong sense in the market that with IBM's figures in, the chapter on the second quarter could be closed. Attention has already switched to what the third and fourth quarters of the year will bring.

The recent string of encouraging economic statistics has indicated that the economy has been pulling away from recession for at least the last two months. This week there was more good news in the shape of healthy rises in June industrial production and housing starts. Even the week's bad news – a larger than expected rise in consumer prices during June – pointed to a resurgence in economic activity.

Against this background, the outlook for corporate earnings is improving. One of the features of this past recession was a rapid run-down of inventories. Now that the economy is coming back to life, firms are going to have to replace that used-up supply quickly. That suggests a rush of orders in the second half of the year, and a big improvement in revenues for those companies whose output had been idling at low levels during the downturn.

There was a welcome relief at the start of the week from talk of economic indicators and quarterly earnings when two of New York's biggest banks – Manufacturers Hanover and Chemical Banking – announced plans to merge. Of course, as soon as the deal was announced everyone claimed to have predicted it long ago. True, the odds on some of the country's struggling banks merging had never been very long, but when the chairmen of Manny Hanny and Chemical unveiled the fruits of their eight-weeks labour on Monday morning a sharp intake of breath could be clearly heard across Wall Street.

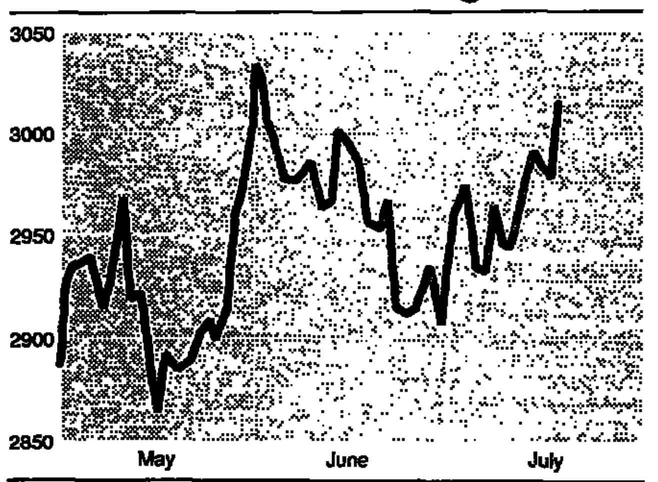
In the event, the merger received remarkably good press, given that it was born out of weakness rather than strength. There was applause for the big cost savings ($650m a year), the combined strengths of the duo's consumer banking business, and the obvious regional fit between Manny Hanny's New York and Chemical's New Jersey branch networks. The fact that the newly created bank will still be exposed to large amounts of bad debt was temporarily lost in the rush to congratulate the two for their good sense and courage.

The market, of course, greeted news of the merger warmly, immediately declaring open season on the other big banks. Topping the list of likely candidates for a takeover or merger was another New York bank, Chase Manhattan, and a trio of California banks, Wells Fargo, Security Pacific and BankAmerica.

Shares in all four, and in the rest of the banking sector, moved sharply higher as speculators bought heavily in anticipation of more mergers. The market also had bank earnings to chew on. Chase and BankAmerica produced solid figures, a reflection of past efforts to restructure their businesses, rein in costs and boost capital positions.

Wells Fargo and Security Pacific, however, reported sharply lower income, and both remain burdened by non-performing loans, especially thos made on Californian commercial property and highly leveraged transactions. The grim figures heightened expectations that the two banks might join forces, and the long dead merger talks between Wells Fargo and SecPac might well be revived in the wake of the Manny/Chemmy deal.

Dow Jones Industrial Average



Monday	2990.61	+ 9.84
Tuesday	2983.90	– 6.71
Wednesday	2978.76	– 5.14
Thursday	3016.32	+ 37.56

Patrick Harverson

The Bottom Line

A company which likes to hear alarm bells

IF ANY company were to benefit from recession, it ought to be Automated Security (Holdings), which claims to be Europe's leading security systems and loss prevention group and second largest in the world after ADT.

In its presentation to accompany its interim profit announcement ASH this week claimed that when people's spending is squeezed, property crime rises sharply. ASH benefits because it supplies burglar alarms – and verification devices to minimise false alarms, telesurveillance systems, tags for goods and till monitoring equipment.

Sure enough, the group produced a near 10 per cent increase in pre-tax profit from £13.5m to £14.8m in the six months to May 31 and is forecast to advance to £38m (£33.2m) for the full year.

ASH, which spends heavily on equipment and technical development which it then leases or rents, is also a beneficiary of falling interest rates and a reduced amount of debt following May's £60m issue of convertible capital bonds.

Yet the share price at yesterday's close of 199p is way below its five-year peak of 311p in January 1990, and also a step down from this year's high of 267p in March. The prospective price-earnings ratio is also comparatively low at about nine, whereas the market is on roughly 13.

A prime concern has been borrowings and the view that the company is "cash hungry". Net debt rose from £93m to £105m last year and had gone up again to £127m, debt-equity gearing of nearly 100 per cent, before the bond issue, which reduced gearing to 37 per cent.

Tom Buffett, chairman and chief executive since 1974, says: "We were comfortable with gearing of about 100 per cent, but investors were not." He points out that shareholders' funds tend to be lower in service companies and would prefer attention to focus on interest cover.

But this standard had also shown a deterioration. In the year to November 1988, interest cover (by operating profit) declined from 11.5 times to 3.3 times in 1989-90. It remained at 3.3 in the first half, but the bond issue has sent it back in the right direction.

Buffett now sees 30 to 40 per cent as a normal gearing level, with a possible rise to 65 per cent for "a major expansion".

Instead of increasing debt, the plan is to sell part of the rental and leasing portfolio which is now funded internally. He says it has absorbed £90m over the past two years – cashflow which could be diverted into other parts of the business. Cash is also being raised by selling investments.

One reason for ASH's full exploitation of cash sources is that earnings per share need to be protected from further issues of paper.

While turnover and operating profit more than doubled to £200m and £48m respectively between 1988 and 1990, earnings growth was a more modest 37 per cent. This year, the advance from 21.5p may be less than 1p. However, this would still make 19 years of growth and a doubling of earnings since 1985.

One of the factors that has helped this line is the very low tax rate enjoyed by ASH, which causes a certain amount of unease among analysts. Last year it was only 11.7 per cent compared with 35 per cent corporation tax in the UK – where three quarters of turnover lay.

Buffett says the low rate is because of no tax being paid by API's subsidiary in the US (because of write downs of intangibles), the tax and treatment of finance leases and accelerated depreciation of capital equipment. It is the upside of the company's heavy investment – slower growth would mean higher taxes.

This year, the rate is expected to be between 12 and 13 per cent. Buffet says 15 per cent can be maintained for some years and that the long-term limit should be 20 per cent.

John Hoolihan, an analyst with Hoare Govett, says even if the rate of installing new systems were to slow substantially, the need to upgrade old ones presents an ongoing capital requirement which will save tax.

He has been following the company for many years and is more relaxed about the cash consumption and tax issues than some observers. But he recognises that the group's image has been "bedevilled" by a reputation for accounting tricks.

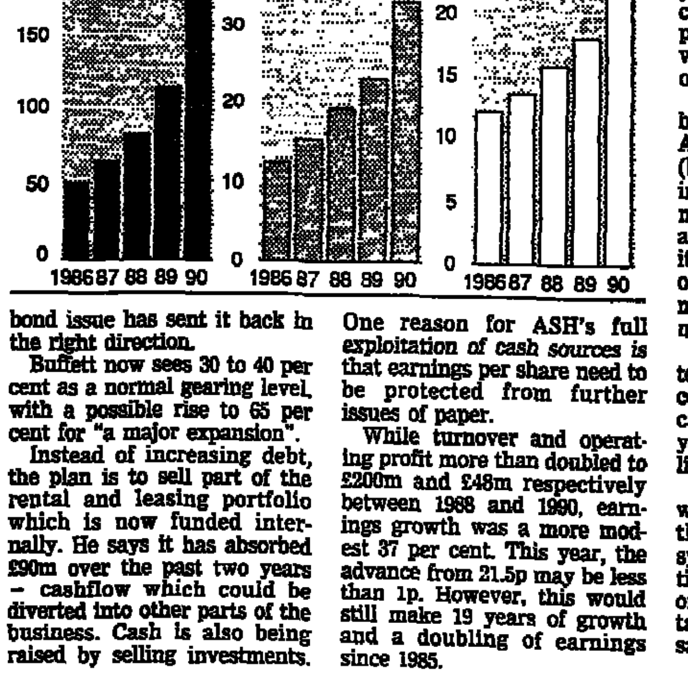
One move in the latest set of results was described by Mark Shepherd, of UBS Phillips and Drew, as "not helping their cause" in terms of showing conservative accounting.

The profits from associate companies, their carrying costs and some closure expenses – together comprising a loss of £800,000 – were moved below the line, along with a gain on selling the Gardiner stake. The explanation was that the investments were to be sold.

A final issue that has muddied the waters for ASH has been the sector's image. The relatively small number of security companies seem to have had more than their fair share of difficulties. The latest backwash has come from unrest among ADT shareholders. ASH has been one of the sector's least bad performers.

Jane Fuller

Automated Security



FINANCE AND THE FAMILY

Philip Coggan and Daniel Green introduce a quarterly series which compares four different methods of choosing stocks and shares

Picking the perfect portfolio

PRIVATE INVESTORS are always being told that they should build a diversified share portfolio – but which shares do they choose? All too often they accumulate an *ad hoc* series of privatisations, bar-room tips and wild hunches. So the *Weekend FT* has decided to illustrate four methods of assembling a portfolio.

The aim is both to give ideas to readers and to see whether different methods have wildly different results.

Each portfolio – the experts, the high yield, the directors' choice and the random – will consist of ten stocks acquired in batches of £1,000 a stock.

We will track the value of these portfolios – allowing for dividends – to see which performs best.

Prices quoted are as of Wednesday's close and refer to mid-prices. We are not making allowances for costs – these should be roughly the same across all the portfolios.

Selection of any of the shares should not be taken as a *Weekend FT* recommendation. Apart from the experts' portfolio, the other groups are selected either on a random basis, or by adhering to a rigid formula.

With the FT-SE 100 Index hovering around an all-time high, this may not be the best time to invest in equities.

However, over longer periods, equities usually offer the best returns; and these portfolios, like all share selections can best be assessed only on the basis of long term performance.

Experts' portfolio

Company	Share price p	No of shares
Ass British Ports	284	352
Brit Petroleum	355	282
Cable & Wireless	571	175
Hillsdown	229	437
Kingfisher	514	195
Land Securities	489	204
Nat West Bank	328	305
Racal Elec	218	458
RTZ	574	174
Tarmac	222	450

Wednesday night prices. Total cost, before charges, £9,998.22

THE BEST way of picking shares for a portfolio, logic would suggest, is to ask the experts. But most private investors are limited in their access to advice – listening perhaps to one broker and such hints as they can glean from newspapers.

So we decided to create a portfolio of shares which those in the City felt were suitable for the private investor. Rather than lean on one (potentially fallible) expert we asked ten – analysts, fund managers and private client stockbrokers – to choose ten UK stocks each. We then selected the ten stocks that received the most votes from the experts, to represent the consensus view.

Cable & Wireless was the most popular choice, with five votes, RTZ had four, and Kingfisher and NatWest three each. There were then 17 stocks tied with two votes each for the last six places.

We settled the tie by ensuring that no expert had more than three, or fewer than two, selections in the final ten, in order to construct the most representative portfolio. That brought in BP, Hillsdown, Land Securities and Racal Electronics. There were still four candidates for the last two places so we chose two companies, ABP and Tarmac, from the sectors which had received the most votes.

The experts involved came from Barclays de Zoete Wedd, Bell Lawrie White, James Capel, WI Carr, County NatWest, Foreign & Colonial, Greig Middleton, Killik, Newton, and Scottish Equitable.

Alec Lyell of Bell Lawrie White was one of those to pick Cable & Wireless. "Despite worries about the position in Hong Kong, C&W has outstanding growth prospects, with Mercury likely to increase its contribution significantly over the next year or two." Another C&W picker, Brian Tora, of Greig Middleton, says it is a "quasi-utility which will benefit from de-regulation of the telephone network."

Jonathan Powell, of Newton Fund Managers, selected another of the most popular stocks, Kingfisher. "Retail shares are depressed but will be among the first to recover as interest rates fall" he says.

Jeremy Tigue of Foreign & Colonial chose NatWest because "banks are out of favour at the moment. However, they are attacking their costs more rigorously and NatWest is the one with the biggest scope for recovery."

Jerry Evans of County NatWest was one of those who picked RTZ because "it is a perfect cyclical play. Most of its products are priced in dollars, and the US seems to be recovering. Copper demand will grow, raising the price of the metal."

Directors' portfolio

Company	Share price p	No of shares
ADT	623	161
Barry W'miller	130	769
Linread	85	1,176
Stirling	35	2,857

Wednesday night prices. Cost so far, before charges, £4,002.28

DIRECTORS know how well their company is doing. Or do they? One way of finding out might be to track the performances of companies whose directors have just bought shares.

Directors can only buy shares in their own companies at certain times of the year, outside the "close period" of two months before the publication of results.

We have included only those companies where at least three directors bought. Since share prices often react quite quickly to news of directors buying, we have only included last week's deals (further details on Page V): the portfolio will be built up to 10 stocks over the coming weeks. The remaining cash will be held, earning (notional) interest.

Potential investors should beware that directors' apparent enthusiasm for their own efforts is not necessarily all it seems. It may be part of a long sequence of trades where sales predominate, or they may come at a time when the alternative would be to let options lapse or be delayed. Similarly, sales, which will only be taken into account when they concern stocks already in the portfolio, may be simply to raise cash for an unexpected bill.

This week's four include the volatile and the obscure.

ADT, the Bermuda-registered car auctions and security group, has seen its directors buying and selling on a regular basis. The recent purchases come after an 18 month period dominated by sales. The price has been exceptionally erratic in recent weeks as results from its biggest shareholder, Canadian group Laidlaw, received a variety of interpretations.

Packaging equipment maker Barry Wehmiller International has just recovered from a record low of 121p. Its directors last bought in February at 168p and since then the shares have been as high as 263p.

Linread is a machine tool supplier whose shares are only lightly traded. It hit a five-year low this month of 67p just before the directors announced their purchases.

Share purchases have also triggered a recovery in Stirling Group, a maker of womens' clothing. Stirling's low of 27p ahead of the announcement of these purchases was near the share's lowest level for more than five years.

Stocks in this portfolio will be sold, if three directors also do so; a suitable replacement will then be found.

Dartboard portfolio

Company	Share price p	No of shares
British Assets Tr	84	1,190
Densitron Intl	31	3,226
Dyson (J & J)	118	847
Eurotunnel	460	217
Harrison Ind	57	1,754
Jove Inv Tr Inc	69	1,449
Morgan Crucible	224	446
Precious Metals Tr	151	662
River & Merc Step Prf	118½	844
TVS Enter	45	2,222

Wednesday night prices. Total cost, before charges, £9,995.61

IT IS one of the great academic theories that a chimpanzee armed with a set of darts can perform just as well at stock-picking as a sophisticated fund manager, with all his computers and balance sheet analysis.

The efficient market theory states that a share price reflects all the currently known information about a company. Therefore, the price can only be affected by "new" information which, by definition, cannot be known. Accordingly, a random selection of stocks is likely to grow as quickly as a professionally chosen portfolio of shares. That, at any rate, is the theory.

No chimpanzees being available, the next best things – *FT* journalists – took aim at the share price pages of the paper with a set of darts. The above portfolio is the result.

We cannot claim that the stocks selected are the best buys in the current market. However, the darts have made some quite conservative choices – there are four investment trusts in the portfolio.

Two of the four trusts chosen have split capital structures. The Jove income shares take all the income of the trust (which is run by Aberdeen Fund Managers) but will only be repaid at 50p when the trust is wound up, at some time between 1995 and 1999. The stepped preference shares of River & Mercantile are upgraded at 5 per cent a year in terms of both dividend and repayment value until wind-up in 2000.

British Assets Trust is an international income trust, managed by Ivory & Sime; Precious Metals invests in mining companies and is managed by J Rothschild Investment Management.

Eurotunnel is unlikely to pay a dividend until towards the end of this century and shareholders have already experienced cost over-runs and a rights issue. But it is a project which has its fervent believers and if it succeeds, it could give a substantial boost to the dartboard portfolio.

The television company, TVS, has also been chosen by the high yield criteria. The fact that it has cropped up in two portfolios – one chosen by a rigid mathematical formula, the other by chance – does not imply any extra endorsement.

The rest is, unsurprisingly, a bit of a rag-bag. Densitron is an electronic components manufacturer which suffered a halving in profits in 1990. Morgan Crucible is an industrial materials group which made a £96m rights issue earlier this year to fund a series of acquisitions. J & J Dyson is a Sheffield-based group with interests ranging from mining to vehicle trailers. Harrison Industries is an industrial doors, power transmissions and castings group where the directors bought shares earlier this year.

This portfolio is merely a "control" for the rest of the exercise; there is no logical reason for buying any or all of the stocks. But it will certainly be interesting to see whether it can beat the experts' guesses.

High Yield Portfolio

Company	Share price p	No of shares
Anglia TV	148	676
Austin Reed "A"	141	709
Bullough	96	1,042
Davis Service	132	758
FKI	62	1,613
Goode Durrant	76	1,315
Haden Maclellan	121	826
Lep Group	87	1,149
Ratners	148	676
TVS Enter	45	2,222

Wednesday night prices. Total cost, before charges, £9,999.98

INVESTING in shares with a high yield is one of the oldest ways of constructing a portfolio. The rationale is that the high income will benefit shareholders in the short term, and that in the longer term they will enjoy capital growth as the yield falls.

The yield is the ratio of the dividend payment to the share price, so a company which paid a dividend of 10p a year and had a share price of 100p, would be on a yield of 10 per cent. If the share price rose to 200p, then the yield would fall to 5 per cent, even though the dividend payment had stayed the same.

The snag is that shares are normally on a high yield for a good reason. Investors either expect future dividends to be cut, (and thus perceive the high historic yield as illusory) or in severe cases, they fear the company will go bust altogether. There can thus be a high risk in selecting high yielding shares.

So we added a safeguard when selecting a high yield portfolio. To be included in the list, any company had to have its dividend twice covered by its earnings, giving shareholders a cushion against a profits decline.

The list shows the ten highest yielding shares in the FT-A All-Share Index which meet the dividend cover criteria. The average yield of the portfolio is 8.89 per cent. Investing in individual stocks in the list might still be highly risky; the aim is that the gainers in the portfolio will outweigh the occasional losers.

Both Anglia and TVS are ITV companies facing battles to retain their franchises; they would obviously face enormous difficulties if they lost the auction, so the risk involved in buying the shares is substantial. A decline in advertising revenues, caused by the recession, has affected profits at both companies; TVS had already faced problems from its disastrous acquisition of US production company, MTM.

Ratners, the jewellery group, is now best known for its chairman Gerald Ratner's indiscretion about product quality earlier this year, but the shares are depressed largely because of the sheer volume of equity the company has issued to fuel its expansion plans. Another retailer in the list is clothing chain Austin Reed which announced a near halving in annual profits earlier this year.

Other more diversified groups are in the list, including Goode Durrant which has interests in car dealing and housebuilding and which has been the subject of bid speculation. Lep Group has interests in transport and distribution.

Davis Service is the former Godfrey Davis (Holdings) and has renamed itself after gradually shifting out of motor dealership to concentrate on linen hire, laundry and building services. Haden Maclellan is a small industrial conglomerate; FKI, the electrical engineering group which merged and then demerged from Babcock in the 1980s.

Bullough is an office furniture and engineering company which held its dividend last year in spite of a 9 per cent fall in pre-tax profits.

We shall obviously watch closely for dividend payments in this portfolio, which will be an important part of its return. Shares will be dropped from the portfolio if their yields drop below the average on the All-Share. Yield and cover figures were taken from Datastream.

Houses collapse, costs rise

Large claims will push up insurance premiums, warns ***Richard Lapper***

THIS WEEK has seen one of the most significant developments on the home insurance market for several years with the announcement by Sun Alliance, which insures one in every five householders, that it is to scrap its single rate for buildings insurance – currently standing at £2.20 per £1,000 of rebuilding cost.

Earlier this month Norwich Union also announced that it would vary rates according to its assessment of subsidence and storm risk and most UK companies seem certain to follow suit.

Sun Alliance still has to do some fine tuning on its proposals but homeowners can expect to pay between £1.80 to £4 per £1,000 depending on which area of the country in which they live. Norwich Union has introduced four bands – ranging from a minimum of £1.80 to a maximum of £2.40.

Britain's erratic weather is at the root of the change. In the space of four years the UK has witnessed two of its most devastating storms. In 1990, after two dry summers and a dry winter, subsidence claims cost insurers a record £800m. Reinsurers have soaked up a lot of the £4bn-plus storm losses but insurers have had to bear the brunt of subsidence claims, which – in spite of the wet summer – are continuing to escalate this year.

Most of the subsidence damage was concentrated on the clay soils of the south-east, with claims also coming from parts of of Hampshire – where there are sandy soils – and coalmining areas of the north and midlands. An area of the south-east stretching from southern Suffolk to the Isle of Wight is seen as exposed to the greatest subsidence risk by Norwich Union. The company also applies its highest rate to western Cornwall and the western Isles of Scotland which are viewed as being vulnerable to storm risk.

What insurers call "risk differentiation" has been in the pipeline for some time in the house buildings area.

According to Peter Friend, of the brokers Leslie & Godwin, "improvement in statistics clearly demonstrates that there are good and bad parts of the country." Insurers began to zone rates for home contents insurance in the mid-1980s with residents in inner-city areas paying more than those in rural areas, for example, to take into account the increased likelihood of a claim.

However, different insurers are assessing risks in different ways and the extent of the increase announced by Sun Alliance opens considerable scope for competition. According to Friend, it is worth shopping around. Sun Alliance's £4 top rate compares with a £2.40 rate at Norwich Union. Other insurers have yet to decide at what level to set their bands. According to Friend each "will try to be a little bit different."

Readers seeking to obtain the best deals should bear in mind the following:

■ Many brokers – which sell the policies of the range of companies – have increasingly sophisticated premium quotation systems, incorporating up the minute rate information. These systems allow customers to compare at a glance what the market has to offer.

■ Direct response insurers – or direct writers – who sell insurance over the telephone, like Direct Line (a subsidiary of the Royal Bank of Scotland) and Churchill (owned by the Swiss company Winterthur), offer home insurance at much cheaper rates than the big insurers because they are able to save on distribution and commission costs. Current rates of around £1.60 per £1,000 are likely to increase and direct writers are also likely to introduce geographical zoning. But their top rates could well be cheaper than those charged by the composites.

■ Many people buy their buildings insurance automatically via the building society or bank with which they have a mortgage. This business is always underwritten by the big companies, which pay hefty commissions for what is a very stable and profitable source of business. Even so many homeowners find the building society arrangement is convenient. "Building societies make it easy for you not to opt out", says Friend.

But that convenience will become more and more expensive, especially for homeowners in high risk areas. Building societies cannot compel clients to buy the insurance they offer. Friend says: "You don't have to fill in the building society form. It can be done elsewhere."

Rebate threat to pensions

THE SWORD of Damocles hangs over personal pensions. The generous National Insurance rebates for those who opt out are likely to be cut following the imminent publication of a government report.

The rebate terms have been criticised by opposition MPs for excessive generosity. However, the government has been keen to provide incentives to help switch the burden of pension provision from the state to the private sector. The net cost to the National Insurance Fund has been put at £6.7bn, according the National Audit Office (NAO) and the Public Accounts Committee.

But next month, the Government Actuary, Chris Daykin, is expected to send his recommendations on the rebate terms for the 1993-98 period to Tony Newton, the secretary of state for social security. Newton will publish a consultation document in the autumn setting out his proposals and must put the final terms before parliament by next March.

The rebate is calculated as a percentage of those earnings between the lower and upper national insurance contribution levels.For the 1991-92 tax year, these limits are £2,700 and £20,300 per annum. The current rebate is 8.47 per cent, which includes a 2 per cent "incentive," giving a maximum rebate of £1,490.

The new rebate, based on the government actuary's own estimates, could be of the order of 5.37 per cent, giving a maximum of £945 on today's NI rates. However, most people would not get the full amount. For example, the rebate for someone earning £12,000 per annum would drop from £780 to £500.

At this level, many pension providers which have offered personal pensions for premiums equal to the rebate will wonder if they can offer an acceptable deal to lower earners.

Already this year, several large providers have tacitly withdrawn from the lower end of the personal pension market, because the business is not worth chasing. Daykin said providers who already consider current business as marginal may have to insist on a larger voluntary contribution if the basic rebate drops significantly.

The NAO made a strong recommendation in favour of age and sex-related rebates. This, if acted upon in conjunction with the reduced terms, would change the shape of the personal pensions market beyond recognition.

Employees currently receive a flat rate rebate and incentive from the NI fund in return for benefits in the State Earnings-Related Pension Scheme related to age and sex. This means that the younger an employee the greater the rebate's attraction. Not surprisingly, the bulk of personal pensions have been sold to employees between 20 and 35. The rebate is also larger for men than for women of the same age.

The government actuary's report in 1987 gave age/sex rates based on his original recommendation of a flat rate rebate of 5.4 per cent.

For men aged 25 to 29, the rebate would be just 2.4 per cent, which gives a maximum of £420 and on earnings of £12,000 per annum, £220.

Of course, age/sex-related terms would give older employees a bigger rebate. But this market is unlikely to appeal to providers since employees in their 50s would be cautious about giving up a guaranteed state pension, no matter how small, for the uncertainties of money purchase products.

In weighing the evidence, Newton will keep a close eye on the likely impact of the new rebate terms on the numbers in Serps. The government actuary's figures suggest the exodus from personal pensions to Serps could run to between 500,000 and 1m people for the 1993-98 period. These figures are based on a flat rate rebate and would be considerably higher if age/sex-related rebates are introduced.

To avoid this dilemma, Newton could raise the rebate terms above the government actuary's recommendations to try to keep consumers and providers happy. Alternatively, he could close Serps to those who have opted out. In many ways, this is the most obvious course of action. It is also the most controversial and would require some sugaring of the pill before the public and pension providers would swallow it.

Deborah Harrison

Modest recovery in Australia

AUSTRALIAN unit trusts may at last have returned from a lengthy unprofitable walkabout for investors.

Long-suffering unitholders should not get too excited, but the last six months have seen trusts in the Australasian sector rise by an average of 34.8 per cent, offer to offer, according to Finstat. The rise over three months is 10.5 per cent.

These respectable figures are put into perspective by performance over the last year: a drop of 0.8 per cent, offer-to-bid. Over the medium term, performance has been poor – a drop of 5.4 per cent over three years, and growth of only 58.8 per cent over five and 79.6 per cent over ten. Australasia is next to bottom of the sectors recognised by the Unit Trust Association.

This seems surprising given Australia's success in establishing a strong economy, on a small scale, over the last decade. However, the rags-to-riches-and-back-again stories of entrepreneurs such as Alan Bond show that the economy is volatile. "Black Monday" in October 1987 was the downfall for several Australian tycoons and the Australian All-Ordinaries Index, unlike most other markets, has still not recovered to the levels it reached before the crash. Its high was 2,247.60 and at the end of last month it stood at only 1,506.20.

Several factors explain the problems. Australia's economy is not large and the country's big institutional investors tend to be conservative.

This results in domination of the market by a small number of tightly traded big stocks, making outperformance difficult to achieve. Small companies are ignored. These thin trading conditions mean that foreign buying and selling, which tends to come in waves, makes the market vulnerable to big swings in value.

The predominance of the resources sector also makes things tough for stockpickers. It accounts for more than a third of the market, according to NM (part of National Mutual Life Association of Australasia), and is dominated by a few companies.

Fund managers who take marginally wrong decisions about energy and resources can be heavily punished. Jean Keller, Barings' fund manager, attributes the fund's relatively poor performance this year to their bearish reading of the Gulf War – when it ended quickly, without the expected reduction in oil supply, exposure to resources led to poor performance.

However, sentiment, as recent stock price rises suggest, is on the mend. Much of this is due to the Hawke government's tight economic policies, which caused domestic demand to drop by 5.1 per cent in the year to March. That should mean the surviving companies are good value.

The economy is emerging from this downturn, which suggests this is a good time to enter the market. Inflation, as measured by the Consumer Price Index, stands at 4.9 per cent, its lowest level since the 1960s.

All the signs are that Australasia was ahead of the world going into the recession and is now slightly ahead coming out. Its low inflation rate should also improve competitiveness.

This is why NM, which as the table below shows has the strongest record, is bullish. It will concentrate on industrial, rather than resources stocks, as commodity prices are expected to lag a world economic recovery. The record of its own fund also shows that profits have been there for those with knowledge of the Australia. The variations in performance, however, show that choice of fund manager can be vital.

The company still sounds a note of caution, saying: "The sluggish nature of the economic recovery means that the market will run too fast from time to time and then suffer disappointment."

Nobody should think of entrusting all their savings to investments in this sector, as the recent roller-coaster business careers of the likes of Bond and Christopher Skase illustrate. But if you have some risk money, and confidence in your fund manager, Australia could offer better value than many other sectors.

John Authers

AUSTRALIAN UNIT TRUSTS

Fund	5 yrs(%)	10 yrs(%)
NM Aust	235.8	257.5
Henderson Aust	115.9	37.5
Schroder Aust	106.8	115.7
M&G Aust Acc	43.7	-8.9
Barclays Aust	31.9	-3.7
New Court Small Aust Cos	4.3	n/a
Baring Aust Acc	-7.8	n/a
Target Aust	-60.5	n/a
AVERAGE	58.8	79.6
Aust All-Ord Index	27.6	115.2

Source: Finstat. Prices quoted offer-to-bid

The Week Ahead

All eyes on ICI

IMPERIAL Chemical Industries will be the star turn among next week's reporting companies. Buffeted by the recession and harassed by Hanson, the acquisitive conglomerate sitting on a 2.8 per cent stake, ICI will produce a dismal set of figures and probably some details on its restructuring.

Its profits for the six months ended June are likely to be no more than £450m against £733m a year earlier. Sir Denys Henderson, chairman, will probably argue this is a creditable performance for a chemical company in a recession.

Restructuring plans, whether released in full or piecemeal in coming months, will entail large job losses and the shedding of some businesses. But in many ways the bigger news will be Hanson's reaction to ICI's results.

Lloyds Bank becomes the first of the "Big Four" to announce its 1991 interim results on Friday. Last year pre-tax profits in the fast half were £408.2m. This year City stockbroker analysts expect profits to be well down, but there is disagreement about how badly it has fared in the recession.

Forecasts vary between £150m (from Carr, Kitcat & Aitken) and £300m (Shearson Lehman). The pessimists believe that, apart from continuing problems in the UK, Lloyds will also be hit by arrears on its lending to Brazil.

Lloyds Abbey Life, the insurance group purchased by Lloyds in 1988, will continue to contribute the lion's share of the group's profits, while UK retail banking may still be in the red, though some activities – such as credit card operations – will have returned to profit.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
API	112	115	97	23.43	NMC
Ambassador Sec.	48*	46	35	16.37	E Midlands Elec
Davy Corp	95*♠	81	62	114.02	Trafalgar House
Etam	185*§	181	180	87.2	Oceans Inv. Corp
Flexello C.& W.	130*	125	104	4.30	Nanzin
Goring Kerr	211	198	189	7.83♦	Cambridge El Ind
Goring Kerr	205*	198	198	7.61♦	Thermo Electron
Guinness Mahon	46*§	45	30	10.88♣	Bk of Yokohama
Kingsgrange	31*	31	25	9.57	Matahari 374
Kingsgrange	30½	31	29	9.41	Dewhirst
Macarthy	224	254	168	61.13	Grampian Hldgs.
Macarthy	245§§	254	232	66.86	UniChem
Mayfield	102	101	98	21.89	Cooper (Alan)
SD-Scicon	45*	55	43	90.87	Elect.Data Syst.
Synapse Comp.	105*	101	101	5.83	Ecsoft Grp.
TACE	240	260	203	23.45	Cambridge El Ind
TACE	252*	260	230	24.61	Stac
TACE	255*	260	230	24.90	Thermo Electon
Thurgar Bardex	41½§§	44	26	8.71	Heywood Williams
Tottenham Hotspur	75*§	91†	91†	7.64	Venables/Sugar

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 19/7/91. †At suspension. §§Shares and Cash ♦ For 48.9%. ♠ 50p now + 45p if conversion of Ocean Emerald rig into an oil platform is completed. ♣ For 13.3% outstanding.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Birse Group	Apr	14,300	(13,600)	14.3	(15.3)	5.5	(5.0)
Brasway	Apr	513	(2,707)	0.53	(2.33)	0.51	(0.78)
British Building Eng	Apr	575 L	(324)	-	(17.2)	0.5	(2.5)
Bula Resources	Dec	2,340 L	(367 L)	-	(-)	-	(-)
Bulmer (HP) Hldgs.	Apr	14,400	(12,000)	16.2	(13.95)	11.13	(10.2)
Christie Group	Mar	2,610 L	(1,200)	-	(4.36)	-	(2.8)
Clark (Matthew)	Apr	5,620	(9,510)	30.4	(36.9)	14.0	(13.5)
CPU Computers	Dec	9	(534)	-	(1.23)	-	(0.62)
CRT Group ●	Apr	5,190	(1,900L)	7.21	(-)	2.0	(-)
Dalepak Foods	Apr	3,020	(1,920)	17.6	(11.6)	5.0	(4.0)
EIT Group §	Mar	246 L	(882 L)	-	(-)	-	(-)
Elbief	Apr	29 L	(178)	-	(0.92)	0.5	(0.646)
Electron House	May	970	(4,030)	1.65	(11.97)	2.25	(5.85)
Ellis & Everard	Apr	17,500	(15,400)	15.9	(18.0)	7.05	(7.0)
Essex Water ♦	Mar	15,700	(5,200)	163.0	(-)	78.83	(-)
Fleming Overseas	Jun	5,120†	(5,310†)	3.83	(3.98)	4.0	(4.0)
Goode Durrant	Apr	7,370	(13,500)	9.3	(16.6)	2.15	(2.15)
GUS	Mar	431,300	(417,300)	116.3	(109.1)	37.5	(34.5)
Hampson Industries	Mar	5,040	(7,910)	4.55	(7.17)	2.373	(2.318)
Helton Holdings ©	Apr	1,770	(2,810)	3.67	(9.09)	2.0	(2.0)
Hewetson	Mar	1,610	(2,210)	11.98	(16.6)	4.5	(4.5)
Jones Stroud	Mar	4,490	(6,220)	16.42	(21.8)	8.0	(8.0)
Leopold Joseph	Mar	1,100‡	(1,700‡)	20.9	(32.3)	15.85	(15.85)
Moorgate Inv. Tst.	May	1,560†	(1,450†)	5.59	(5.19)	5.5	(5.1)
Multitone Electronics	Apr	1,420	(779)	5.75	(2.86)	2.0	(1.0)
Nobo Group	Apr	2,050	(1,920)	12.35	(11.85)	6.6	(6.6)
Norbain Electronics	Apr	451	(251)	4.1	(2.4)	0.7	(0.7)
Peel Holdings	Mar	8,480 L	(3,320)	-	(4.7)	3.0	(10.0)
Pepe Group	Mar	4,800	(10,500)	10.4	(23.4)	4.0	(6.5)
Prism Leisure	Mar	781	(405)	11.8	(4.8)	4.95	(4.5)
Ramar Textiles ⚘	Mar	5,840 L	(1,124)	-	(4.6)	-	(-)
Stanley Leisure	Apr	7,130	(8,400)	14.4	(15.9)	4.85	(4.5)
Tomkins	May	112,100	(77,060)	26.31	(25.05)	9.86	(9.25)
Triplex Lloyd	Mar	7,570	(12,300)	12.7	(20.4)	7.0	(7.0)
Tyndall Holdings ●	Apr	2,280	(4,333)	2.6	(5.3)	-	(5.5)
Wood (John D)	Apr	15	(425)	-	(3.2)	1.5	(2.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Automated Security	May	14,800	(13,500)	2.07	(1.8)
Campari Int'L	May	1,530	(1,280)	3.0	(2.5)
Central Motor Auc.	Apr	861	(843)	1.0	(1.0)
Chelsea Man	Sept	329 L	(48)	-	(0.8)
Eurotherm Int'L	Apr	4,570	(6,390)	2.5	(2.5)
First Maryland ♣	Jun	44,200	(34,700)	-	(-)
Fleming American's	Jun	-	(-)	0.5	(0.5)
General Cons. Inv.	Jun	1,620†	(1,780†)	4.3	(4.3)
Invicta Sound	Mar	240 L	(97)	-	(-)
Microgen Holdings	Apr	4,330	(4,530)	2.2	(2.2)
River & Mercantile	Jun	3,150†	(3,430†)	1.6	(1.6)
Ryan Hotels ©	Apr	509 L	(362)	0.5	(0.5)
Shoprite Group	Apr	126	(936)	-	(-)
Trilion	Mar	788 L	(161)	-	(-)
Trust of Property	Jun	325§	(335§)	-	(-)
Witan Investment	Jun	8,250†	(6,900†)	2.5	(2.25)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.⚘ This years figures for 9 months.● This years figures for 18 months.© Figures quoted in Irish pounds & pence.† Net revenue.♣ Figures quoted in US dollars.‡ Profits after tax.♦ This years figures for 15 months.§ This years figure for 10 months.§§ Available revenue.

RIGHTS ISSUES

Bula Resources is to raise I£11.7m via a 1-for-1 rights issue at 2½p.
Explaura Holdings is to raise £3.8m via a 1-for-4 rights issue at 14p.
Hewetson is to raise £1.6m via a 1-for-4 rights issue at 75p.
Howden Group is to raise £30.6m via a 1-for-1 rights issue at 30p.
Jacks (William) is to raise £2.05m via a rights issue of convertible preference shares.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

US Smaller Companies Investment Tst is seeking to join the stock market via a £20m placing.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Trust	Tuesday	-	-	1.0
AIM Group	Tuesday	2.4	6.6	1.5
Assoc. British Consultants	Tuesday	2.2	4.2	2.2
Beepak	Monday	2.6	4.4	3.0
Cupid	Tuesday	-	3.0	-
Douglas (Robert M)	Thursday	3.0	7.5	3.0
Dudley Jenkins Group	Tuesday	1.2	2.8	1.3
Eve Group	Wednesday	2.5	6.0	2.7
Forminster	Friday	3.02	7.19	3.47
Independent Investment Co.	Monday	-	0.25	-
Jacques Vert	Wednesday	4.0	6.6	4.0
Lazard Select Investment Co.	Friday	-	-	-
Lavercrest	Friday	-	-	-
Mlays	Thursday	2.16	3.12	2.16
Mitie Group	Thursday	-	1.0	1.0
Murray Smaller Markets Tst.	Tuesday	1.1	2.2	1.2
Platignum	Thursday	-	-	-
Smith (David S)	Thursday	2.75	6.5	2.75
Southend Property Holdings	Tuesday	1.2	2.25	1.32
Sutherland Holdings	Thursday	0.85	0.85	0.9
Tinsley (Eliza) Group	Tuesday	1.8	3.4	1.8
INTERIM DIVIDENDS				
Berkeley Govett	Monday‡	7.0	12.0	
Capita Group	Wednesday	1.5	3.0	
Denmans Electrical	Monday	1.65	4.0	
Derby Trust	Thursday	7.84	9.8	
Evode Group	Monday	1.78	4.64	
Geared Income Investment Tst	Monday†	-	-	
Green Property	Thursday	1.2	2.3	
Greenfriar Investment Company	Friday	2.0	3.5	
Hepworth	Friday	5.5	9.35	
Hill & Smith	Thursday	1.65	3.75	
Holders Technology	Wednesday	2.0	4.0	
ICI	Thursday	21.0	34.0	
Investors Capital Trust	Friday⚘	1.17	1.25	1.25
LASMO	Wednesday	2.2	4.75	
Lex Service	Friday	5.9	9.4	
Lloyds Abbey Life	Wednesday	8.0	11.0	
Lloyds Bank	Friday	5.0	10.3	
LWT Holdings	Wednesday	2.135	3.94	
Mirror Group Newspapers	Wednesday	-	-	
ML Laboratories	Tuesday	-	-	
Owners Abroad Group	Thursday	0.82	2.07	
P&P	Tuesday	1.25	3.0	
Radius	Wednesday	0.9	1.8	
Reuters Holdings	Tuesday	4.4	10.6	
Sleepy Kids	Friday	-	-	
Temple Bar Investment Trust	Tuesday	4.1	7.6	
Throgmorton USM Trust	Tuesday	-	3.85	
Union Discount Company	Wednesday	11.5	23.5	
Yeoman Investment Trust	Thursday	6.5	1.5	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.⚘ Third quarter figures.† First quarter figures.‡ Gross per share.

FINANCE AND THE FAMILY

Windfalls

Spoilt for choice - but choose wisely

***John Authers** reviews the opportunities for those with a lump sum of £50,000 to invest*

IF THE financial winds blow £50,000 into your lap, the choices which confront you could leave you off-balance.

Even advisers have problems. Your age, income, and family circumstances all affect your choices. Investing for growth is sensible in middle age, with a high salary coming in, but as retirement approaches, income becomes more important.

However, the bewildering number of possibilities is in some ways a good sign – diversification makes sense. Any good adviser will tell you to hedge your bets by opting for several investments.

This should be clear from the plan devised by Clive Scott-Hopkins, of independent advisers Towry Law, who has designed a portfolio for a higher rate tax-paying client aged between 50 and 60.

Scott-Hopkins would put £6,000 into a Personal Equity Plan (Framlington High Income); £10,000 into a Business Expansion Scheme company (Sun Life BESRES); £3,000 into a Tax-Exempt Special Saver Account (Leeds & Holbeck); £10,000 into a with profits bond (Prudential); £10,000 into an annuity-linked endowment (Clerical Medical); and £12,000 into a "High Rise" portfolio of unit trusts, which was constructed by Towry Law, and consists of six high income unit trusts.

The choice made by John Wells, of accountants Binder Hamlyn, is not so very different, showing that experts are led to similar conclusions.

Wells would put £5,000 in index-linked National Savings certificates (Fifth Issue); £10,000 into zero-dividend preference shares of investment trusts (he likes Kleinwort Benson's current High Income issue); £10,000 in an assured tenancy assured exit BES company (Johnson Fry's current Third Super Growth scheme); £12,000 into two PEPs investing primarily in unit and investment trusts (one for each spouse); and the remaining £13,000 into unit and investment trusts (Binder Hamlyn prefers Mercury and Schroders among fund managers).

The following suggestions only begin to make sense when you have a worthwhile lump sum. They might all be lucrative, depending on your aims.

■ Gilt plans. Government securities carry fixed interest and therefore underperform equities in the long term. But they are "safe" and thus make a sensible home for part of your windfall. Further, some clever plans take advantage of the guaranteed returns to allow significant growth.

Partridge Muir & Warren has a scheme which uses a £50,000 lump sum invested in gilts to fund a ten-year with-profits endowment policy. Each annual premium comes to £6,346.84, paid out of gilts as they are redeemed. Investing this premium over ten years to 1989, 1990 and 1991 would have resulted in final pay-outs, from Standard Life, of £164,111, £165,758, and £154,249. Average pay-outs over the last ten years were £151,997, a compound growth rate of 15.45 per cent. The plans are not spectacular, but given the underlying security they are well worth looking at.

■ Assured Tenancy BES companies. These have become much more ingenious in the last few years and the financiers sponsoring them have managed to cut out a lot of the risk. If you pay tax at the top rate they make sense, but ignore the over-excited claims which many sponsors make.

BES investments work thanks to generous tax incentives (which would almost certainly go after the first Budget of a Labour government). Tax is refunded at the full 40 per cent rate, so that you only part with 60 per cent of the value of your initial investment. Gains, realisable after five years, are free of tax. Maximum investment per tax year is £40,000.

That is the good news. The bad news is that the tax breaks are only so generous because the investments in themselves are not that good. Assured tenancy housing needed a government boost, and it is not the most lucrative investment available.

To combat this, several sponsors have obtained covenants from other organisations – usually housing associations or universities – to buy the housing stock for a fixed price after five years. A guarantee from a housing association cannot be compared with a deal underwritten by the Bank of England, but it should still allow you to sleep fairly easily.

The tax relief allows sponsors to offer very big yields over the five-year term – Johnson Fry's latest issue works out at 27.7 per cent per annum. Provided growth and a safe exit are assured (and this cannot be said of many of the early, disastrous BES offers, or of many current issues), accountants and advisers now seem prepared to trust the BES.

■ Single premium with-profits investment bonds. These differ from the better known unit-linked bonds in being less risky, but less flexible.

The "with-profits" process will probably be familiar to you if you have an endowment policy. Each year, the life company will declare a bonus (known as the annual or reversionary bonus), and there will be a further "terminal" bonus when the bond finally pays out. This way the peaks and troughs of the equity market are smoothed, although you have to wait for bonuses. Risk is very low, so they make an attractive alternative to unit trusts for the risk-averse.

However, you need to hate taking risks before you opt for this route ahead of unit trusts, because the funds pay more tax, even if you are a non-taxpayer. Wells puts it this way: "As an accountant I dislike the fact that they pay more tax within the fund." However, Colin Jackson, of Baronworth, says that you should not object, provided you choose a good life office – he recommends Standard Life. Other possibilities include Norwich Union and Prudential Holborn.

The commissions paid by life offices to intermediaries – usually about 5 per cent – are higher on these bonds than on unit trusts. Therefore, ask your intermediary to refund part of his commission. As Jackson puts it: "Any adviser can easily give up part of his commission."

■ Zero-dividend preference shares. These sound arcane, and they are. Split-capital investment trusts offer some shares which pay no dividends at all. However, they will be repaid at a substantial premium to their initial price.

All of this rise, technically a capital gain, is immune from income tax. If your annual capital gains are within the threshold of £5,500 per annum, this means you get the full gain free of tax. Wells also points out that the returns are relatively predictable – of current issues, Kleinwort Benson is offering 11.5 per cent per annum and Gartmore Scotland 11.33 per cent.

■ *Next week: how to invest a windfall of £100,000.*

A golden hand-slap

IN THESE days of rising unemployment, one of the few consolations for redundant executives is the knowledge that their pay-off will enjoy tax relief. But this well-established exemption has recently suffered a two-pronged assault from a formidable pair of adversaries - the Inland Revenue and the House of Lords.

Under the 1988 Taxes Act, the first £30,000 of a payment to an employee "in consequence of, or otherwise in connection with, the termination of the employment" is free of tax. Anything more will be fully assessed as employment income. So the maximum saving for a higher-rate taxpayer is £12,000.

It might have been assumed that this relatively modest limit, backed by the explicit statutory wording, would have kept this relief out of the Revenue's reach. But the taxman is determined to block all possible tax avoidance avenues.

Buried in the small print of an obscure official memorandum – where only the keenest fiscal archaeologist was likely to find it – is a statement which has thrown the status of the "golden handshake" exemption into confusion.

The controversial paragraph – in a memo published in March – expressed the taxman's view that a termination payment could be characterised as a "retirement benefits scheme". This would bring into play the byzantine rules on pension benefits – leaving no room for the £30,000 tax break.

Acknowledging the uncertainty which these remarks have engendered, the Revenue has promised to bring out a full statement of practice in the next few weeks.

In advance of publication, the noises from Somerset House are reassuring. In the first place, it seems clear that mid-career executives – whether made redundant or simply changing jobs – need have no concern.

The real focus of the taxman's angst is the retiring director or employee who sees the £30,000 exemption as a way of expanding the generous tax reliefs - including a tax-free lump sum – which he will enjoy on his pension benefits.

But while the Revenue is blowing the whistle on this type of arrangement, it is unlikely to attack a genuine compensatory payment to a retiring executive who is being forced out. (Whether the Revenue will always be able to tell the difference between voluntary and compulsory retirement is another matter. A prospective £12,000 tax saving may be a powerful inducement for employer and employee to agree that they have fallen out with each other.)

While the Revenue has been busy blocking this gap in its defences, at the other end of the pitch it has scored a 5-0 victory over the taxpayer in the House of Lords. A particularly satisfying result, no doubt, since its opponent was Peter Shilton, the erstwhile England goalkeeper.

Nor could Shilton blame the result on a lack of judicial recognition of his contribution to England's sporting glory. Unlike the judge who needed advice on whether "Gazza" was a rugby or soccer player, Lord Templeman praised Shilton as a "world-famous goalkeeper who made miraculous saves because he was an honourable man." But the miracles did not extend to saving tax.

The case arose out of Shilton's transfer from Nottingham Forest to Southampton in 1982. In addition to an £80,000 "golden hello" from his new club, Shilton received a further £75,000 from Forest who were anxious that the deal should go ahead so that they would get their agreed fee of £325,000. The Revenue asserted that the £75,000 should be taxed in full because it was linked to his new job. The contrary argument – which succeeded in the High Court and the Court of Appeal – was that this was a termination payment in respect of the Nottingham job and the first £30,000 should therefore be exempt.

The reasoning of the lower Courts was that since the £75,000 had been paid by Forest, which had nothing to gain from Shilton performing his new role as Southampton goalie, the money should not be taxed as emoluments under his new contract. Lord Templeman kicked this firmly into touch. "I prefer the simpler view that an emolument arises from employment if it is provided as a reward or inducement for the employee to remain or become an employee and not for something else." Since the £75,000 was designed to induce Shilton to become an employee of Southampton it was taxable as salary.

By this decision, the law lords seem to have shut the door on any attempt to use the golden handshake concession as a route to mitigate the taxability of golden hellos.

Combined with the memo attack on scheming pensioners, this development highlights the Revenue's determination to confine the £30,000 exemption within narrowly-defined boundaries. But genuinely redundant executives, for whom the £12,000 tax saving will be a much-needed cushion against future uncertainties, should have nothing to fear.

David Cohen

David Cohen is a partner in the law firm of Paisner & Co.

Small pension changes

Dryden Gilling-Smith on new rules for director plans

IMPORTANT Inland Revenue regulations governing small self-administered pension schemes (SSASs) were tabled this week to start operating on August 5.

Small schemes established after that date will be subject to a limit on "self-investment" – funding their own companies. This limit will be 25 per cent of scheme assets during the first two years of their existence.

Current schemes will continue to be subject to the 50 per cent limit that dates back to 1979. New restrictions, on such matters as scheme transactions with members and stricter monitoring, will be imposed.

A small self-administered pension scheme, often referred to as a director plan, is a scheme with fewer than 12 members who are usually directors and often big shareholders of their companies. The directors usually appoint themselves as trustees and hence retain control of the investment of the scheme assets. It is possible to set up a scheme even if there is only one member and there are many husband-and-wife schemes.

Such schemes can be an important source of small company finance, particularly in times of recession when bank loans and other forms of external finance may be difficult to come by. Directors who lend 50 per cent of their scheme assets back to their companies are, of course, putting their retirement savings at risk.

These small schemes perform an economic function in recycling pension savings back into the small company sector, as opposed to being siphoned off in the form of insurance premiums to be invested usually in large companies or in government securities.

In addition, the directors who join a SSAS usually avoid paying the substantial management charges of insurance companies. All the money in a SSAS will normally be available to pay benefits, since the company itself will separately pay professional fees to the actuaries and consultants who set up the scheme.

However, directors do have to be careful that they select a genuine self-administered scheme and not an insurance company product that is marketed as a SSAS on the grounds that it provides a loanback facility or allows the directors some say in the selection of investments.

These imitations or "hybrids" have usually been designed to accommodate the insurance company's "hidden charging" system, which is needed to finance commissions generally payable for this type of insurance business. Many companies have believed that they were investing in a genuine SSAS only to discover that the assets on which they wanted to raise a 50 per cent loan were severely depleted by the insurance company charges, or even that no loan was possible unless the company could provide extra security.

The future of SSASs as a source of corporate finance was threatened by the proposals announced by the Department of Social Security at the end of 1989 to incorporate a 5 per cent pension scheme investment limit on the aggregate of loans to the employer, shares in the employer's business and property rented to the employer.

While it was generally recognised that for most pension schemes this was a prudent measure of employee protection, restricting "self-investment" by SSASs would damage many small and medium sized companies – particularly if the provisions were to be retroactive and require the repayment of existing loans and the sale of company properties.

In the event, representations to government by such bodies as the Institute of Directors and the Confederation of British Industry resulted in schemes classified by the Inland Revenue as SSASs being excluded from this general provision – if all the members are trustees and sign a piece of paper agreeing to each loan. These provisions were not incorporated in the 1990 Social Security Act, but will be covered by DSS regulations which are still in Draft form and are expected to be operative from February 1 next year.

The Inland Revenue will normally classify a scheme as a SSAS where there are fewer than 12 members, unless the parties are totally unconnected, or all the money is paid to an insurance company and there are no special loanback options, enabling the scheme to be classified as a hybrid SSAS.

SSASs are the only schemes on which the Inland Revenue impose restrictions on investment. Following restriction on loans to the employer to 50 per cent of scheme assets in 1979, the Revenue put forward Draft Regulations in 1987 which would have restricted loans for all schemes, old and new, to 25 per cent of assets.

These draft regulations appeared in July last year, with certain changes, and detailed talks about them have taken place with relevant professional bodies during the past year. The most important concession has been the retention of the 50 per cent ceiling on loans for existing schemes, which means schemes legally established by August 5 this year. So there may still be time for the odd latecomer to get through the door.

The combined effect of having a 5 per cent self-investment limit in general employee schemes and the new limits for director plans may make it worthwhile for some directors, currently in main company schemes, to take a transfer value (TV) and switch to new director plans.

These TVs are often substantial, but on schemes set up after August 5 they cannot be included in the assets, when calculating the maximum loan during the first two years. For the higher paid, care must be taken in such moves to avoid being caught by the 1989 Finance Act earnings cap.

The recession inevitably makes loans to the employer the number one investment option in many companies. Most of the SSASs in which I have been involved have been well managed by directors. The knowledge that they can borrow in tough times has been a provider of peace of mind.

■ *Dryden Gilling-Smith is managing director of Employee Benefit Services.*

Directors' Transactions

IF ONE EXCLUDES option-related sales from this week's list one can see how director purchases stand out. The amount of money being invested is also relatively large.

ADT featured in last week's column. Michael Ashcroft has now been joined by several other directors, with increasingly large investments being made. However, the amount of money being invested remains small in relation to the divestment over the preceding 18 months.

Director buying of Barry Wehmiller shares in February was followed by a £1 rise in the share price. Shares have lost that gain and more since then but almost all the board picked up stock last week. Significant buying has been seen in the small clothing company Stirling Group in which three directors have increased their holdings substantially.

Director sales this week are less significant than usual, the only transaction of real size being by the chairman and chief executive of Polypipe, a pipe manufacturing company. Polypipe's shares have performed extremely well over the last year and are not far off the all time high. The sale of shares in J Sainsbury was to enable the director involved to take up his rights entitlement.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Dencora	50,000	63	1
Enterprise Oil	86,716	464	3*
Hogg Group	13,062	25	1
London Intl	83,840	215	1*
Meyer Intl	25,000	108	1*
Polypipe	2,400,000	4,128	1
RCO	20,000	59	1
Redland	79,387	426	3*
Rothmans	100,000	965	1*
Sainsbury J	12,500	44	1
Smith & Nephew	50,000	65	1*
Wagon Industries	29,840	118	1*
Warner Howard	10,000	20	1
Wolseley	60,463	233	1*
PURCHASES			
ADT (ADRs)	150,000	852	5
Barry Wehmiller	65,000	79	6
Bio-Isolates	100,000	25	1
Carclo	33,000	41	2
Carlisle	335,040	59	1
Dean & Bowes	69,119	59	1
Evered Bardon	40,000	30	1
Harris (Philip)	25,000	30	1
Linread	33,108	23	3
Premier C'solidated	120,000	59	2
Shaw (Arthur)	75,000	37	1
Stirling Group	300,000	74	3
TSB (C.I.)	10,000	13	1
United Energy	3,401,545	35	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange8 - 12 July 1991.
Source: Directus Ltd, Edinburgh

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	11.50%	Yly
Cheltenham & Gloucester	London Share	0452 372372	Instant	£2,500	12.25%	Yly
Allied Trust Bank	2 mth Not A/C	071 626 0879	2 Mth	£2,001	12.57%	Yly
Norwich & Peterborough BS	Special 85	0733 371371	85 Day	£10,000	11.85%	Mly
National Counties BS	90 Day A/C	0372 742211	90 Day	£25,000	12.85%	Yly
Lambeth BS	2 Yr Term Share	071 928 1331	2 Year	£500	12.90%	Yly
Bradford & Bingley	Maximiser Elite	0274 555555	1 Year	£25,000	12.83%	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	14.50%	Yly
Leeds & Holbeck BS		0532 459511	5 Year	£1	14.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	14.00%	Yly
Lambeth BS		071 928 1331	5 Year	£20	14.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.50%	Yly
National Mortgage Bank	High Int Sav A/C	021 712 2801	Instant	£500	11.50%	½ Y
				£2,000	12.00%	½ Y
Chelsea BS	Classic P/Acc	0242 521391	Instant	£10,000	11.80%	Yly
				£25,000	12.30%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	11.61%	Mly
OFFSHORE ACCOUNTS (Gross)						
C & G Channel Islands Ltd	Guernsey Gold	0800 717505	Instant	£25,000	11.80%	Yly
				100,000	12.65%	Yly
Bradford & Bingley Douglas	Maximiser Ind	0624 662883	90 Day	£5,000	11.50%	Yly
Yorkshire BS Guernsey	O'shore Key Extra	0481 719898	180 Day	£50,000	13.00%	Yly
C & G Channel Islands Ltd	Guernsey Bond	0800 717505	12 Mth	£10,000	12.25%	OM
GUARANTEED INCOME BONDS (Net)						
Canada Life FN		0707 51122	1 Year	£50,000	9.20%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	9.20%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	9.35%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	9.30%	Yly
Consolidated Life FN		081 940 8343	5 Year	£2,000	9.50%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	11.00%	Yly
	Income Bonds		3 Month	£2,000	11.75%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross. F = Fixed; Fixed Rate (All other rates are variable. OM = Interest paid on maturity. N = Net Rate. B = Bond. G = Gross Equivalent Rate.
Source: Moneyfacts. The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

More lenders cut home loan rate

AFTERSHOCKS from last week's cut in base rates moved many lenders to make improved mortgage offers this week. However, the proliferation of discounts and offers makes comparisons difficult for borrowers.

Britannia made a grand gesture by cutting its rate for new borrowers by a full percentage point, to 11.45 per cent, with immediate effect. The society added the extra incentive that this rate will be capped until the end of this year, although it could still be allowed to fall.

The society also has a discount for first-time buyers, which would allow them to pay only 9.45 per cent during the first six months of their loan.

Cheltenham & Gloucester announced a cut in its base mortgage of 0.6 percentage points, producing a rate of 10.85 per cent for new borrowers, including a 1 per cent discount over the first year for loans of 80 per cent or less of the property value. For borrowers of 81 per cent of house value or more, the rate is 11.85 per cent.

Chelsea undercuts this with a 0.5 percentage point cut to 11.75 per cent. An added discount of 1.3 per cent, subject to the same conditions imposed by Cheltenham & Gloucester, brings the rate down to 10.45 per cent. First-time buyers can qualify for this discount on loans up to 95 per cent of the value of their house.

Meanwhile Abbey National, keen to attract young buyers, has extended its first-time buyer discount of 1.5 per cent to January 1993.

Scarborough went against the trend of aiming for newer borrowers with a discount which will be of most interest to what the society calls the "mature" market. Borrowers will only qualify for the discount, of 2 percentage points, if they only want a loan to cover 70 per cent of the value of their house. Few first-time buyers will fall into this category.

The offer, which translates into a rate of 9.95 per cent, is open on new loans and remortgages from a minimum of £60,000 up to a maximum of £150,000. No application fee is charged. The discount remains in force for six months.

National & Provincial is cutting its rate to 11.95 per cent with immediate effect for new borrowers.

Savers have less reason to be happy. For example the new Lloyds Bank TESSA rate is 11 per cent. Other saving rates have been reduced – £5,000 in a Lloyds investment account would earn 8.9 per cent (from 9.4 per cent). In a 30 day savings plan it would earn 9.8 per cent (from 10.8 per cent), and in instant saving 9.1 per cent (down from 9.7 per cent).

John Authers

MINDING YOUR OWN BUSINESS

Metal basher aims for full capacity

Nicholas Lee visits a company trying to buck the recession

FOR PETER Hamlett the worst part of going to work is the knowledge that his company is only operating at 70 per cent of its capacity.

The company is Rio, a profitable engineering business in the heart of the Midlands' Black Country, which has built up a reputation for quality and fast delivery since 1985.

The problem for Hamlett and his co-directors, Keith Lunn and Nigel Williams, is that growth in turnover has slowed greatly within the last six months. Unlike the majority of their competitors in the recession-hit manufacturing sector, they are comfortably maintaining production levels. But every time Hamlett looks at his shop floor he can see the spare capacity and he is determined to fill it.

Hamlett is always looking for a quicker and more efficient way of doing things. He walked out of his job as a production manager in 1983 because his attempts to increase the company's production were frustrated by what he saw as short-sighted management.

He decided to prove his point and, after buying a belt-driven saw for £25 one Sunday morning, he set to work the next day. Within 15 months he had earned enough to buy decent machinery and establish Rio Stainless Engineering with two others. Doug Collins was responsible for financial control and Rita Talbot handled all the administration. They provided an infrastructure into which the company could expand.

Rio produced a profit of £40,000 in the first year, largely because Hamlett worked 16 hours a day by himself on the shop floor. As well as quoting for the work, he manufactured and despatched it himself. During the day he would do relatively straightforward local jobs; in the evenings he produced urgent work for the North Sea oil rigs, relying on Red Star delivery.

"I would usually get the job on the Aberdeen train at midnight. The hard thing was to do a day's work and then start all over again at six o'clock."

His ability to maintain this work rate created the cash to build good steel stocks and expand without the burden of bank debt. Hamlett places particular emphasis on financial control.

"Doug told me I had to make £35 an hour for ten hours a day to cover the overheads. I always knew what was happening because he gave me the figures each month and the profit spurred me on. It was very important to see us moving forward."

By January 1986 Rio reached £11,000 a month and Hamlett recognised the need to recruit help with the sales. Two engineering salesmen, Lunn and Williams, who had been intending to set up on their own joined for modest salaries and an equity stake in Rio.

Lunn and Williams have developed a reputation for always saying yes. They invariably take the order and agree to the tightest delivery schedule, confident in Hamlett's ability to produce it. Lunn is adept at negotiating a deal, with a fine instinct for pitching the price in a competitive market and understanding a customer's real needs.

"We have built up a good reputation for problem solving," he says.

This combination of skills drove the company's turnover to £30,000 a month and beyond by March 1988, to what was then the limit of the company's production ability.

This time the expansion route lay with new technology. In August 1988 Rio bought a £65,000 computerised lathe (a CNC) from Japan. Having committed the company to a substantial loan, Hamlett had to wait for ten tense weeks before demand rose enough to utilise the spare production capacity.

"We received a £10,000 grant from the DTI, provided the CNC created three new jobs within 18 months, which it did."

Higher turnover enabled Rio to generate enough profit to purchase two more CNC machines within two years, creating potential production capacity of around £100,000 a month at current prices. The company also moved into its own purpose-built premises last year with the help of a £170,000 bank loan.

Production has settled at around £60,000 a month with capacity divided between the old plant (40 per cent), the CNCs (30 per cent) and, as Hamlett sees it, 30 per cent loss.

Aside from producing a technical brochure Rio had done no marketing, relying entirely on word of mouth and reputation. But Hamlett, Lunn and Williams have recognised that if they are to move forward, they must find new markets and have commissioned a new corporate logo and brochure. The brochure will be mailed to prospective customers and followed up with a personal call; it will also be used to make existing customers aware of other services.

"The pressure of work has pushed us in a certain direction because we try to react to customers' demands positively. Its now time for us to actively seek out the markets which our advanced production capacity can best serve," says Williams.

The company has taken on two extra production workers, a sales engineer and a receptionist within the last month.

Hamlett says:"I know we're bucking the trend, but I also know we've got more to offer. We cut metal day by day, and we do it well."

■ *Rio Stainless Engineering, Unit 1, Neptune Industrial Estate, Owen Road, Willenhall, West Midlands, WV13 2PZ. 0902-637755.*

Nicholas Lee

Peter Hamlett (left), Nigel Williams (centre) and Keith Lunn of Rio Stainless Engineering are battling the downturn with a sales drive

Computing/David Carter

Golden words for the PC user

YOU HAVE bought a PC and you want to buy packages for word processing, spreadsheet and database to go with it. For word processing you could go for the market leader Wordperfect (£425), for spreadsheet an obvious choice would be Lotus 1-2-3 (£395) and for a database Ashton-Tate's dBase IV (£595) must be front runner. Combined total £1,415. Alternatively, you might try Logotron Eight-in-One Professional which gives you all three applications plus a few more for a mere £43.

Eight-in-One has been around for some years now gaining a sound reputation for offering a cheap, basic set of tools for the non-expert PC user. True to its name, it comprises word processing, spreadsheet, database, mail merge, outliner, graphics, communications, and a desktop organiser. Authors Spinnaker Corporation of Boston, Massachusetts, claim 4,000 users in the UK, 22,600 worldwide - enough to make sure all the bugs are out. The package runs on twin floppy or hard disk machines. Technical support is available free from the UK distributors Longman Logotron, (0223-323656).

For this sort of price you obviously will not get all the facilities of the heavyweight packages. The word processor will offer basic facilities for editing text but printed output will be typewriter-like: there will not be any opportunity to create imaginative page layouts or use different sized fonts. Spreadsheet will be strictly one dimensional, and it will offer a single "flat-file" database rather than the relational database required by the professional programmer. On the other hand, in my experience most business users only require a good text editor, one dimensional spreadsheet and flat file database anyway!

I have been using Eight-in-One Professional for two months, principally for word processing of letters and articles up to 4,000 words. The package offers a near ideal word processor for the basic user. Its pull-down menus are crisp and clear. Typing and editing are completely natural and very, very fast. Having previously struggled with Locoscript on the Amstrad PCW, I found Eight-in-One a breath of fresh air.

At first you rely on the menus, but as you get more experienced you find yourself beginning to use the quick function keys such as Alt-U for Underline, Alt-B for Bold, Alt-C for Centre text. Editing blocks of text is again natural. You type the F3 key, move the cursor to highlight the block, and then hit Return to be presented with a sub-menu of edit options.

Recently an upgraded version, Eight-in-One Gold, has become available at £94. Most of us hope that one day we will be able to afford a LaserJet printer for presentation quality output, so it is probably better to pay the extra £50 for Gold, since it adds support for LaserJet and a mouse. The other reason for going for Gold is the manual. Its 374 pages give far more help in illustrating the package than the laconic 146 of Professional.

The Gold manual looks unpromising at first. Tutorial and explanatory material are jumbled together and it makes the common error of trying to explain too much early on. But once you learn to skip some of the explanations and to get on with the worked examples, things improve. The author clearly knows his stuff and tells it in a down-to-earth, non-technical fashion, backing it up with plenty of practical examples by way of illustration. In particular, Appendices E and F which show you how to use basic DOS commands are invaluable.

The tutorials make a point of taking you through examples you are likely to use yourself. later on. You use the word processor to type a memo, then the mail merge facility to send personalised standard letters. Using the database module you are shown how to set up a file of customer names and addresses, and how to print mailing labels for sending out catalogues to customers. The database is flexible. If you have keyed in 100 records and realise you need to add fields or amend field lengths, you can do so without having to restart from scratch.

String searches are possible: when Mr Wolfgang A Mozart rings up to complain that his order is overdue, just typing in the character string MOZ retrieves it to the screen. In the spreadsheet exercises you develop projections for the first year's sales of your new product, then convert the values into bar charts and graphs via the graphics module. With desktop you can keep lists of contact addresses, have a "to do" list for the day, and there is a handy little device for quickly printing off a label or addressing an envelope.

So, what can't you do with Eight-in-One? Well, it is slow at integrating applications. Suppose, for example, you are typing a letter in word processing and wish to pull a table of figures out of a spreadsheet and include it in the text. Now "seamless integration" between applications is something reviewers get terribly excited about and it is a bit laborious under Eight-in-One. But in real life how often do users need to do this sort of thing, I wonder?

There are other quirks. The organisation of data files and directories on the disk is pretty crude. But these are things you can live with. What is vitally important in any system is its overall clarity and simplicity. And when it comes to simplicity Eight-in-One really hits the bulls-eye because of its compact, sensible menu structure. This package offers splendid value and can be strongly recommended to the basic PC user.

A complicated matter of wills

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MY 91 year old mother-in-law is very active. She has made a will and left her estate to my husband who is her only child. Unfortunately he does not enjoy good health and she has become obsessed that he will die before she does and is concerned about who will then inherit her estate.

I have told her that I will not, and advised her that, in the event of my husband predeceasing her, she should make a fresh will. We have one child, who is married and has a daughter. Unfortunately my daughter and her family are estranged from my husband and mother-in-law. My mother-in-law is married – to her fourth husband – but the only other blood relatives are two of her nephews.

If another will were not made before she dies who would then inherit her estate? She has made oral requests for money and chattels to be given to children of her other three husbands but as this is not written into the will I suppose it would not be legally binding.

■ Your mother-in-law's better course is to execute a fresh will (or a codicil to her existing will) expressly stating who is to become entitled to her estate in the event that her son dies before she does. It is correct that you would not inherit in that event as the will stands, but your daughter probably would, as it is likely that the estate would devolve as on intestacy. We cannot advise more definitely without knowing the precise terms of the will; but the need for a new will or a codicil is manifest.

A trust for my cousin

I WOULD like to leave some assets to a cousin, so that she can enjoy an income during her lifetime, and on her death for the assets to pass to two younger members of my family. Am I right in thinking the way to do this is for the assets to be put into a trust? On my cousin's death, would a second lot of death duties be charged on the assets in the trust?

■ The disposition which you propose would create a trust, but it is sufficient to make the relevant provision in your will; ie to X for life and after her death to Y & Z absolutely. No further trust instrument is needed. Inheritance tax would become payable on the death of X as well as on your death if the amount or value involved exceeds the then current nil rate (currently £140,000).

Guidance on CGT

IN THE year to April 5 1990 I had established Capital Gains Tax losses of £10,500. In the year to April 5, 1991 I had gains, after indexation, of £7,500. If I deduct the 1990-91 annual exemption of £5,000, I have a £2,500 gain? Can I deduct this from the 1990 losses of £10,500, leaving a loss carried forward of £8,000?

■ Yes - section 5(4) (b) of the Capital Tax Act 1979 (as amended) says: "Where the amount of chargeable gains less allowable losses accruing to an individual in any year of assessment exceeds the exempt amount for the year, the deduction from that amount for that year in respect of allowable losses carried forward from a previous year . . . shall not be greater than the excess.".

Ask your tax office for the free pamphlet CGT14 (Capital gains tax: an introduction).

MY DAUGHTER is resident in Australia but owns a property in London which is rented on an assured shorthold tenancy. She wishes to sell the property and transfer the proceeds to Australia. Will the transaction be subject to Capital Gains Tax? If so will the start date be the original date of purchase or the date when she went to Australia.

■ Provided that your daughter is neither resident not ordinarily resident in the UK in the tax year (ended April 5) in which the sale contract is made, she will be outside the scope of capital gains tax. You can confirm this good news by asking your tax office (or the tax office which deals with the taxation of your daughter's rental income) for the free pamphlet CGT14.

هكذا منه للأصل

PERSPECTIVES

A quiet smile, a glass of gin and thou...

*Forget the West Indies. **Teresa McLean**, who has met with triumph and disaster on the cricket field, reports on a really crucial match*

WHEN THE sun suddenly smiled on us, after all those weeks of rain, I had a glimmer of hope that we might win. England won at Headingley, so why shouldn't The Intellectuals win on the ground with the great grey-green, greasy Limpopoesque wicket, all set about with feverish green?

We had not won for two years. Indeed, last year we were mangled, though of course we died nobly and the rapid fall of our wickets gave us a chance to display the furthest reaches of our unusual, exotic batting and even more unusual and exotic bowling.

This year we had our customary score of eccentric old faithfuls, but the glory of the game belonged to an improbable pair who dazzled everyone with their exploits, one with the bat, one with the ball. The Intellectuals have always been proud of preferring experience to youth, but as the years grind on and I am reduced to turning my arm in only this one match each year, I feel more sympathetic to the cause of youth.

Our elegant, straight-batted, slow-legged, ex-Jesuit wrist spinner of the Intellectuals' opening years would turn in his grave. Perhaps he did – something woke us up when it mattered and inspired our young all-rounder, Noël, to celebrate reaching the age to leave prep school by bowling a brilliant spell which decimated the opposition.

Apparently the opposition cannot settle on a name so I shall call them The Vitamins. Some of them are very keen on vitamins. But first our wonderful spell of batting. Mere words cannot do it justice. It was more like a vision than an achievement, partly because it was one of our most senior members who performed it, partly because he is my husband and partly because he performed it in partnership with our number 11 batsman who has never before, so far as I know, scored an Intellectual run.

A last-wicket stand of unexpected splendour and crucial importance. We did not start well. The groundsman had cut us a special wicket to one side of the main wicket, which had been soaked beyond use by the merciless rain of preceding weeks. On our fortuitous day, the sun shone, the wind blew, we played and the wicket was lethal.

In almost hypnotic style. It was like one of those gorgeous winter puddings which never taste quite as good in adult life as they did in childhood. It was slow, damp and heavy, with sudden low moments.

A low moment got rid of Matthew, our big, powerful, opening batsman and psychological weapon. He got a ball which bounced, hung motionless in the air, then slid gently past the bat when the stroke had been completed. Slid like custard. Lightly eased off the bails.

One after another we were trapped by the wicket's sloth. Our other fine opener was bowled by a ball which came through less than a ball's height off the ground. The Vitamins relished these conditions. If they had a strength, it was their hesitation, holding the ball back for the pitch to slow and the wind to blow.

I know because I was caught swiping at a ball which practically went into reverse after it had bounced. My beautifully timed swipe never made the kind of exquisite contact which had sent the previous ball high over the legside boundary for six.

Martin went out to bat when our score was 54 for 9, keen to stand up for middle age by not doing much running; he aimed to hit boundaries instead. This excellent policy produced a half century partnership with Tristram, the Syd Lawrence of the Intellectuals' tail end, who was sporting a small pair of Mafia dark glasses and a strawberry-coloured shirt, alternately using his bat to score runs and to lean on, with the utmost nonchalance.

When we were all out for 106, Martin had scored 34 not out, to all corners of the ground. Little did we know, as we sat in the sun having tea, what a tremendous total this would prove to be, beyond even the bravest efforts, even with the wicket drying out apace.

The umpires were ideal companions for tea on the grass, with their hay fever pills and books of rules. Our hardy perennial delight, Will, works for the BBC and last year cycled 30 miles to umpire the game because he said he was not fit enough to play in it.

At the other end was Diana, who opened the bowling for us last year, as she had done for East Anglian Ladies earlier in her career and will do again for us next year, when she emerges from a short retirement, inspired by the sight of the wickets at this match falling like cut grass.

The Intellectuals in the field were an umpire's dream, as nearly all the wickets we took were either bowled or caught, indisputably. Captain Vitamin was bowled for nought, by pure pace, and was reduced to suntan cream on the side-lines.

Vitamin no. 2 had alarmed us by turning up in a taxi with two friends and smart bags of equipment, having spent the previous day watching the West Indians. This little group was unknown to us and it was a relief to see its leader bowled as his captain had been bowled before him.

At 4 for 4 The Vitamins' score had a pleasing symmetry about it. And all four runs were no-balls. Noel came on and bowled like Brian Statham, consistently straight and a good length, so any batsman who missed a ball was out. And so they were. Noel took six wickets for four runs.

Charles has been driving right across England to play in our annual match ever since it started, about 15 years ago, and he showed the same indomitable spirit when he agreed to have a go at bowling into the wild wind of late afternoon. Needless to say, he took a wicket – a blistering caught and bowled hung on to in self-defence.

My two overs were pale by comparison with his. The only thing they had in common was the wind. I had to tuck my hair up under a cap and pull the cap down round my ears with the peak upturned, in Beryl-the-Peril mode.

Thus attired, I bowled my slow spinners. The thin man with large feet who had seduced me into misswiping took a huge swipe at one of my slowest deliveries, which spun right round his bat and bowled him. A quiet smile, an ice cold gin, a dinner with friendly Intellectuals. *Nunc dimittis.*

Private Passions

Joy unconfined – tied in a truss at 12,000ft

***Jessica Alexander** recalls her first, exhilarating, experience of freefall*

James Wilkinson

High flyers: Jessica Alexander (centre) and instructors Dave Emerson (left) and Joe France of the RAFSPA club in Oxfordshire

JUMP OUT of an aeroplane from 12,000ft? The idea seemed crazy, especially for someone as non-sporty as myself, but I had always wanted to experience being in the air, without engine noise or the barrier of metal between me and the sensation of flying.

Now the opportunity had arisen and it was a short step, as far as I was concerned, to sky dive from 12,000ft, rather than to parachute from 2,000 or 3,000ft which is most people's first experience.

I was to do a tandem jump, tightly strapped to the front of an instructor, the tandem master. Filling in the forms, I came to the section requiring details of my next of kin – and felt the first stab of apprehension.

My tandem master, Bill, took me to the hanger for my half hour "training" session. In fact, it was more of a description of what would happen since I would have little to do but enjoy the ride. I was kitted out with a jumpsuit and "trussed" – extremely tightly, I thought – into the tandem harness. In the air, Bill said, I would not want to be swinging around under him on a slack harness. I felt no urge to disagree: he would have the parachute, not me.

We practised getting into the aircraft together, and jumping out. I was to be attached to Bill from the moment we climbed on board and had to master sitting down and shuffling together.

Back at the clubhouse, while we waited for the cloud to clear sufficiently for the first "lift" of the day, I watched videos of other tandem jumps. No one looked too scared – they were smiling and waving at the camera.

It is all over quickly. We would free fall for about 35 seconds before opening the canopy at 6,000ft (higher than for solo jumpers as we are twice the weight). I was to have a video of my jump – the camera is attached to a fellow jumper's helmet.

Finally, it was time to go. Our aircraft had space for 10 jumpers. As we were to be last out, Bill and I climbed in first and, as soon as I was attached to him, we shuffled back into position to sit on the floor. Life became a little cramped as someone squeezed in beside us and in front, between my legs.

Other jumpers smiled encouragingly – I actually felt like smiling back. Bill periodically showed me the altimeter on his wrist as we climbed - it takes about 10 minutes to reach 12,000ft.

At 10,000ft, Bill asked me to sit on his lap. This is normal tandem procedure, allowing the tandem master to finish fastening the harnesses together. Bill cracked a joke about our new-found intimacy – at this precise moment I was pretty keen on the relationship, too.

The last jumpers had gone, falling away from the plane with horrifying speed. My cameraman was hanging from the edge of the door and I was sitting in it, legs hooked backwards under the fuselage, as instructed. My brain had given up trying to cope.

Without warning, we were out, diving forwards. "Try not to gasp when we jump", Bill told me, but I have no recollection of whether I gasped or not, as the force and noise of the wind hit me. In shock, I was suddenly aware of Bill tapping my shoulders to tell me to open my arms. I remembered, too late, that I should have held my head up to arch my back. This, with legs bent up from the knee, is the free fall position. Tumble as much as you like in the air, if you snap into this, the freefall arch, you automatically stabilise into a position from which you can open your canopy.

None of this was my concern, however. I was busy waving at my cameraman, apparently suspended in the air a few feet away from us. I remembered the smiling faces in the videos and try to smile, too but, I could have been grimacing.

I knew we were falling at terminal velocity, 120 miles an hour, but the ground was too far away to see and the only sensation was that of wind pressure and noise.

All too soon, Bill tapped me on the shoulder again as a sign that the parachute was about to open. We jerked upright. The rush of the wind stopped abruptly – and now I did gasp, with relief and with pleasure.

This was wonderful – a gentle, silent floating through the air as the ground slowly came closer.

Bill pointed out landmarks and showed me where we would land. I was surprised how close it appeared at 1,000ft and how easy it seemed to steer the canopy to land on target. A few feet up, we pulled the brake handles in unison to slow our descent and stepped effortlessly on to the ground. I had expected it to be much harder.

Unclipped at last from Bill, I realised my arms and hands have gone numb from the unaccustomed strain of being held above my head for several minutes – but I did not care. I was laughing and exhilarated. In the rush of emotion, and relief, I hugged everyone in sight, especially Bill. Other jumpers, who obviously remembered the thrill of a first tandem jump, smiled indulgently at my excitement.

It took me four days to come down from the high of the experience. But I had the bug – I signed for my training course. But I realised that jumping alone would not be like this first tandem jump, an intimate, shared experience, culminating in the joy of being safe and sound. Thanks to Bill, I would never be able to look at a blue sky without longing to be up there.

And I did it again and again . . . solo jumping is quite different: ten times better. The exhilaration grows and grows, accompanied by a tremendous sense of achievement.

Under close supervision I am now mastering stability in freefall. To my surprise, canopy control and landing has proved quite simple. The cellular square canopies sky divers use these days, are much easier to handle than the the traditional round parachute.

I am looking forward to qualifying and moving on eventually from solo jumps to relative team work, performing a sequence of movements in freefall. Most of all I am somewhat smug about other people's reactions to my new hobby – a mixture of incredulity and admiration. "You are brave," they say. Not really, I reply. The risks are quite minimal, since safety precautions abound. But I know what they mean – and, deep down, I am inclined to agree.

Background information: There are about 4,500 full members of the British Parachute Association, qualified jumpers who sky dive regularly. But many more people "have a go" at a static line jump from 2,500ft, often for charity: in 1990 there were 32,000 such one-jumpers.

Sky diving has an excellent safety record. In the UK last year, there were 195,000 descents and only one fatality.

There are two main methods of parachute training: the progression system, starting with static line jumps and working your way up to free fall. This method can take between 35 and 50 jumps to reach category eight, the level at which you are allowed to jump alone. There is a quicker, although more expensive, method of training. The AFF course (Accelerated Free Fall) takes the student immediately to free fall jumping from 12,000ft and it is possible to reach category eight in eight to ten jumps.

Once you have trained to jump alone you can go on to acquire the additional skills of relative work in free fall and under canopy (jumping in groups and performing a series of moves in formation) and to take part in displays and competitions. Sky diving is one of the few sports where there is no distinction between men and women.

Tandem jumps were introduced from the US about five years ago. Using the special rig and harness, trained instructors can take passengers for a ride. It has proved a marvellous introduction to sky diving. They are also ideal for the disabled and others who are not able to jump themselves. In the UK the minimum age for a tandem jump is 16. You can book a tandem jump at most of the 40 or so British Parachute Association's affiliated clubs and centres, for around £100.

■ *British Parachute Association, 5 Wharf Way, Glen Parva, Leicester LE2 9TF. 0533-785271.*

Despatches/**Iquique**

Crisis in Chile

BEHIND THE Victorian opera house in Iquique, Chile, a group of youths are mixing a honey-coloured powder with tobacco. They light up, a sweet smell of freshly-baked bread wafts into the evening air, their gaunt bodies become rigid and their eyes roll back.

This is the changing face of the drug trade in Latin America. As the US intensifies its war against cocaine abuse, drug cartels in Colombia and Bolivia have begun to ply their trade in their own backyard.

The cocaine mafia's search for new smuggling outlets is leaving a wake of crime and addiction in Chile's poor northern ports. Chile shares borders with Peru and Bolivia, the world's biggest producers of coca leaf, but the country's terrain had kept Chile out of the clutches of the drug barons. Until now.

"What we are experiencing is the direct effect of the US squeeze on the favoured routes of Colombian drug traffickers", explains Real Admiral German Goddard Dufeu, commander of the Iquique naval zone.

The Navy and the Carabineros, the paramilitary police, fear that the entry of cocaine could threaten Chile's national security. They have seen how cartels have corrupted the police, the army and the state elsewhere in Latin America. "If we do not stop this now", says Goddard, "we risk becoming corrupted ourselves."

Because pure cocaine is beyond the reach of all but the most affluent Latin American consumers, a cheaper, more addictive derivative has been created for the local market. "Pasta Base", Latin America's lethal form of crack, has hooked one in five teenagers and young adults in the main ports of Arica and Iquique. It is consuming the social fabric of northern Chile like a cancer.

"We are a Third World country with a First World problem", says Iquique police chief Hugo Cerda Lopez. It is only a matter of time, he believes, before pasta base wrecks its devastation in Santiago, the capital of 4m people.

Pasta base is produced by armed clans of peasant families in the Bolivian Altiplano. They refine the coca leaf using crude pre-cursors such as sulphuric acid and gasoline. For a few dollars, Aymara indians will smuggle it into Chile.

The towering Andes and the merciless expanse of the Atacama desert do not intimidate the Aymaras. "Their physical resistance is exceptional", says Cerda Lopez. "They cross the Andes on foot and can walk for days without sustenance. At night, when temperatures drop below freezing, they curl up to sleep like animals."

The Aymaras have developed an early warning system of bonfires to alert each other of police patrols in the desert. When they reach the Panamerican Highway, they bury their 10 to 15 kg consignment of pasta base, where another courier will pick it up and peddle it in Iquique or Arica.

Pasta base is cheap. Half a gram, enough for two cigarettes, costs 1,000 pesos (about £1.80). It is also highly addictive. Doctors in Iquique believe that the semi-refined cocaine turns a person into an addict after one month. Its use has spread like wildfire in the shanty towns surrounding Iquique, where teenagers are robbing their parents or turning to crime or prostitution to finance the habit.

Pasta base is also killing the young drug abusers. Dr Bernardo Gomez, who runs a rehabilitation centre, says that most of the teenagers in his care are severely emaciated. "Some kids have developed AIDS-like symptoms such as skin ulcers", he says. "There are so many toxic substances in pasta base that we cannot tell what the long-term damage to their health will be."

Beyond Iquique and Arica, pasta base is taking hold of northern Chile's once-tranquil fishing villages. Drug peddlers, usually women, first tempt the fishermen with "monos" or laced cigarettes. Once addicted, the fishermen are forced to catch abalone, a giant clam with is almost extinct in Chile, the extraction of which is strictly forbidden. The fishermen are paid in pasta base and the abalone is smuggled across the Peruvian border to Tacna, where it is processed and exported to appreciative markets in Japan and the US.

"The last time we tried to stop a clandestine abalone exchange the fishermen threatened Carabineros with dynamite sticks", says Eduardo Gil, the regional fishing inspector. Soon, he fears, the abalone gangs will be defending themselves with guns.

"These were once peaceful, humble people", says Gil, "but pasta base has changed all that."

Lesley Crawford

As they say in Europe

The voices of reason

***James Morgan** on differing styles of news management at the G7 Summit*

"IT IS not difficult to imagine how it might have been in the group photograph or on the podium gazing at Mikhail Gorbachev like a favourite son, talking of how she had smashed the iron curtain. Nothing could have been more different from John Major, who produced the summit declaration like a schoolboy reciting the multiplication tables. When he arrived with Mr Gorbachev he commanded the attention of the audience like a piano tuner at a grand concert. When a protestor appeared, she would would have incinerated him with a single glance. Mr Major replied to his question.

"But the grey man, speaking *sotto voce*, got exactly what he wanted, even a trip to Moscow in the middle of an election campaign, which she could never have achieved."

Thus wrote Alessandro Merli in *Il Sole-24 Ore*. He even added that the Summit was "unexpectedly well organised."

During the last Summit in London in 1984, journalists were confined to a low-tech slum. This time it was "Super," as the man from North German Radio put it. "Flawless," said Roel Janssen from the *NRC-Handelsblad* of Rotterdam. The only thing that went wrong was President Mitterrand.

British Telecom had some fun. It allotted phones by nationality. Italian journalists got 40 but needed 100. The Dutch got enough but the seats were occupied by the Italians. "We can guarantee a phone, but not a seat to go with it," said BT. A Italian-Dutch confrontation was averted only by the intervention of an array of security guards.

The only real troublemakers were the Americans. At such occasions the White House always ensures its friends in the media are uncontaminated by foreign opinion, a situation welcomed by the friends, apart from those who work for business papers or international broadcast networks.

So the Hilton Ballroom, a mile away from the rest of us, was hired as a press centre for around $100,000 (£60,000). On Wednesday, at the press conference given by Bush and Gorbachev at the US Ambassador's residence, the authorities of the land of the free only admitted those who had paid the US government to get to London.

But the White House press corps got its deserts. The US briefings gave nothing away. For the rest of us things were quite good. The man who does not exist, the prime minister's press secretary, Gus O'Donnell, did rather well – it was all quite different from the much-lamented Bernard Ingham pantomime productions. There anybody who cast doubt on the validity of whatever cause Margaret Thatcher was espousing at the time was treated as a blockhead or a villain.

One aspect of the British way of doing things was seen to be slightly insane. O'Donnell, a civil servant, can brief only off the record, nobody can report that *he* said what he said. At summits there is a system of briefings by the host country that is regarded as definitive. The host tells all of us what has been going on supposedly free of national bias. Modern technology means that briefings can be shown on closed circuit television. That enables busy reporters to sit at their desks close to deadline and and keep up with the news as it breaks. But off-the-record briefing cannot be televised.

Therefore, most journalists could neither see nor hear O'Donnell's excellent summaries. Meanwhile, anything said by the Germans the French, or the extraordinary Marlin Fitzwalter from the White House, could be flashed around the world by 1,000 computers.

If you had time and wanted to learn interesting things you went to the Canadians or the Japanese. Canada is probably the most well-intentioned country in the world. Its officials believe that people have a right to know what is going on, not from any partisan point of view, but because problems can be solved by rational, open debate. That is why the country is falling apart.

The Japanese are quietly rational in a very different way. For me the star of the show was their spokesman, Taizo Watanabe. One has the impression that every aspect of Japanese policy for these summits is formulated with great care. It is all based on the national interest considered in the widest possible sense. One sees that the spokesmen of combative governments need not fall into the Ingham mode.

Watanabe does not pretend he is anything other than an apologist. But he handles things with with wit and urbanity. A question on the tariffs on rice import quotas becomes a fascinating exposition of the role of rice in Japanese society, the calorific quantity of annual food production in Japan and the anxieties caused by having to import soya beans from the US.

The Canadians and the Japanese believe in the power of rational argument. The Canadians because that is the way to reach an agreement, the Japanese because that is how you understand why someone holds a certain position.

It is a far cry from the British way. You would not hear Watanabe saying things like: "People who use local services should all have to pay the same price for them." Thatcher's dogged determination to put that assertion, undiscussed, into practise eventually cost her and Bernard, now Sir Bernard, Ingham their jobs. British dogmatic pragmatism is unique.

James Morgan

■ *James Morgan is the Economics Correspondent of the BBC World Service.*

SPORT

Golf/**John Hopkins**

Seven-year twitch

IN 1984 a young Spaniard with a long name that took a bit of getting the tongue around and a short game that made your eyes pop out in admiration defeated Colin Montgomerie in the *final of the British Amateur Championship*. There is a photograph of the finalists in the spike bar of the Formby clubhouse in Lancashire. It shows José Maria Olazabal grinning beakily out from beneath the shadow of both his large opponent and a floppy golf hat.

Olazabal's style of play then was that of the amateur. He leant over the ball more at the address than he does now. His swing was shorter and the flight of his shots was lower. *Most significant of all*, he was quite remarkable on and around the greens, holing out from one bunker and chipping in on two other occasions.

Seven years passed. Olazabal turned professional to a fanfare of trumpets and matured from the fiery Basque amateur into the finest player under 30 in the game. And this week he returned for the first time to that sandy stretch of Lancashire coast, this time to Birkdale, a few miles from Formby, for the 120th Open.

Somewhere, however, between that visit and this, his putter had cooled in his hands. His first round this week could scarcely have provided a greater contrast to that midsummer's day when he defeated Montgomerie 5 & 4 to become the first Spanish winner of the Amateur.

The round began at nearly three o'clock on a grey overcast afternoon. A south-westerly wind gusting to 13 mph whipped in from the sea. Walking off the first tee Olazabal was attacked by a streaker who, according to one witness, "did not have a lot to shout about", whatever that means.

On the fourth green Olazabal two-putted from four feet, on the fifth he three-putted and on the sixth he two-putted from two feet. He three-putted the ninth and two-putted from four feet on the tenth. Walking down the 13th fairway, Mike Stewart, a tournament administrator with the PGA European tour who was acting as a rules official, remarked: "I know what Olazabal will be doing after he's finished his round and probably until it gets dark."

Sure enough, the Spaniard's wonky putting let him down again on the tenth. His putt hit the hole but for the third time in his round it spun away.

It was hard to believe that this was the man who had dazzled the world of golf first as an amateur and then later as a fearless young pro. In the Ryder Cup at Muirfield Village in 1987, when Europe swept to an historic first victory in the US, Olazabal was paired with Ballesteros in the foursomes and four balls of the first and second days. One memory of that tumultuous week is of the number of times the younger member of this partnership excitedly and animatedly told his distinguished colleague the line of putts – and of how many of those nerve-wracking three to six-footers, which you always expect to hole but often do not, he rammed confidently in to the hole.

Caught in the sands of time: Olazabal's youthful brilliance has deserted him

By the time he reached the 18th green at Birkdale, the full force of the wind was cutting through his thick sweaters. The weather on this mid-July evening put one in mind of Mark Twain's joke: "The coldest winter I ever spent was a summer in San Francisco." The clouds racing overhead were no darker than Olazabal's mood. He had hit the ball well from tee to green but taken as many putts in 18 holes as he might have taken in 1¼ rounds four years ago. His total was doleful, just as it had been at St Andrews a year earlier. Then he had used his putter 37 times in his first round of 71; this time it was 36 in a four-over par 74.

Youthful fearlessness and brilliance is a most attractive assets but in golf it is sometimes accompanied by a nagging thought that perhaps the flower will soon lose its bloom. It always does. Every golfer since old Tom Morris finds out later, if not sooner, that not every putt is a two-footer uphill.

If Olazabal wanted an example that what goes away suddenly can return unexpectedly then he had it as he stood over a putt on the 11th green. Behind him a scoreboard showed that Ballesteros was three under par after 17 holes; the same Ballesteros whose putting until recently had been as woeful as Olazabal's was now.

But then starting with victory in a tournament in the far east in May, Ballesteros found a vein of form that had been missing for years. His putting returned and with it the smile on his face. It was never broader than after Thursday's course record 66, capped by holing from four feet for an eagle on the 17th (it was downwind and the wind was so strong that he needed only a nine iron for his second shot) and then from 40 feet for a birdie on the 18th.

For a while, the two Spaniards have been like men on a seesaw, seemingly unable to be at their peak at the same time. As Ballesteros's game has waned, Olazabal's has waxed, never more so than when he won the World Series by 12 strokes last year, spreadeagling some of the best players in the world.

It is necessary, however, to experience the meagre portions of failure in order to better appreciate the rich food of success, as Ballesteros reminded us last week. He cast his mind back to 1976 and a remark of Johnny Miller's to the effect that it was better for Ballesteros to finish second in that year's Open than to win it. At the time Ballesteros was mystified. It seemed a pointed remark and, just past his 19th birthday, he was not world-wise enough to understand it. Now, looking back from the vantage point of his 34 years, Ballesteros knows exactly what Miller meant and, furthermore, he agrees.

Words like those should prove of comfort to Olazabal. As should his much improved putting in yesterday's second round 67, which he finished with a flourish of three successive birdies. Not even Olazabal can win everything – even though at Formby seven years ago he probably thought he could.

Yachting/**Keith Wheatley**

Omens are bad for Wings of Oracle

THIS weekend sees the Oracle IOR Regatta in full flood at Lymington. As part of the fun the glamorous 50ft-class are holding their first British event, with a host of star helmsmen driving the boats. The eight Admiral's Cup teams will also be testing each other out, with only 10 days left before the start of that biannual championship.

Yet for once interest will centre on the sponsor. Oracle, a huge international software company, has spent several million pounds buying its way into sailing. It has been a shipwreck of rare magnitude.

Most of the money has been spent on a Bruce Farr two-tonner named *Wings of Oracle*. The yacht will sail in the mid-size slot in the three-boat British team racing to defend the Admiral's Cup won in 1989. Original skipper Tim Law has been sacked and is sueing the sponsor. New man Stuart Childerley is fighting fires on at least three fronts.

Bill Edgerton, the RYA *keel*-boat coach who manages the Admiral's Cup team for Britain, has given public warning that he doubts the crew changes aboard Oracle are sweeping enough to bring success. Poor results this weekend would take the project from crisis to calamity.

At the root of the problem is *the relationship between the* Oracle company and the Royal Air Force Sailing Association, who manage and crew the boat. The RAF is a large client for Oracle. Just how big is confidential. Sailors were briefed, however, that MoD contracts represent 15 per cent of Oracle's business.

When RAFSA wanted to go *big-time yacht-racing the soft*ware company was willing to pick up the tab. Puzzlingly, neither Oracle UK nor its US parent had ever been heavily involved in *sports sponsorship*; least of all in the arcane world of international sailing. "Completely out of character," said one knowledgeable insider. "One hundred per cent aberration."

Tim Law, 35, a director in the Oil and Gas division of insurer Willis Faber, was appointed helmsman over a year ago. Initially he was the only civilian among the crew. Law has talent enough to win national titles regularly in tough classes such as Sigmas but has always preferred a business career *to full-time* sailing. He concedes that RAFSA wanted a figure who could teach them and win races but not someone of a stature that would dominate the programme.

All at sea: *Wings of Oracle* and its RAF crew of have struggled to compete

The skipper was Flt Lt John Best, a jovial Boys Own figure who had been around Services sailing for many years. Running the shore programme was *a cluster of officers headed by* Group Captain Peter Seymour, a veteran of the less-than successful joint services entry in the last Whitbread Round the World Race.

Once launched the new boat, along with the vehicles, caravan and containers, was shipped to Majorca for winter training. While Tornadoes flew *bombing missions over Bagh*dad, the Oracle crew practised spinnaker drops off Palma.

Unfortunately their return to the racing circuit of northern Europe was a disaster. At both Kiel Week and the Two Ton Cup, Oracle was shown to be off-the-pace and riven with internal dissent. The bottom line was that at least four RAF "rookies" needed to be swapped for experienced international sailors.

Law said so in a memo to the Oracle management. Initially they backed him, until the RAF began waving contracts about manning levels on the yacht and playing realpolitik. A crucial meeting took place in the last weekend of June between Air Marshall Sir John *Thompson head of RAFSA and* Geoff Squire, head of Oracle in Europe.

On Monday, Law was sacked. Ironically, Bill Edgerton had only a day or two earlier submitted a report identifying Law and tactician Ian Southworth (a top civilian J24 sailor) as almost the only adequately strong elements in the programme. *After the helms*man was sacked Edgerton wrote to Squire:

"I understand the political necessities that could lead to this decision . . . but it is a great pity that Tim Law had to be the sacrifice."

In the following days Oracle faced the humiliation of casting around for almost every *top British helmsman to act as* skipper and finding they were hired elsewhere; Harold Cudmore with the German team, Edward Warden Owen with the Japanese and Lawrie Smith on the British one-tonner Port Pendennis.

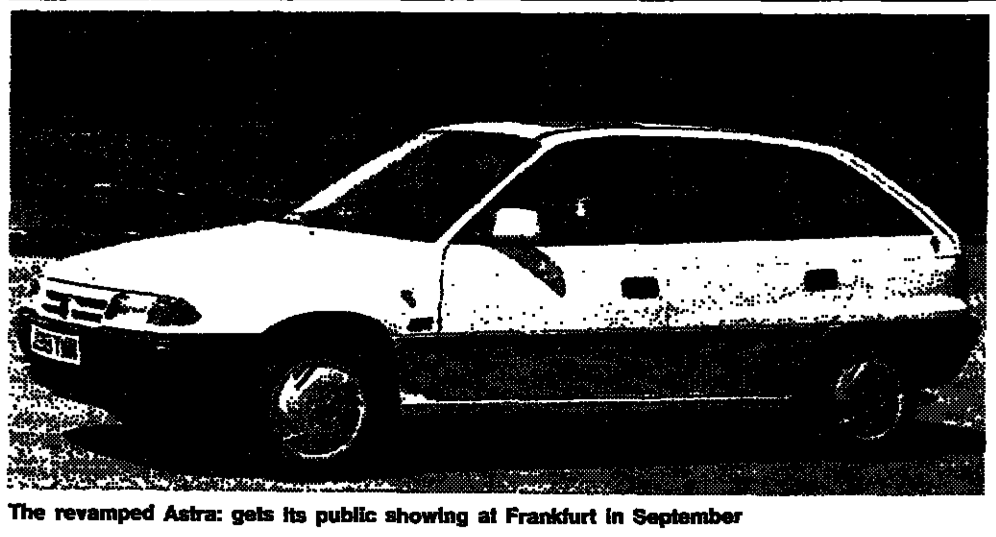
When Stuart Childerley, one of the world's top Finn sailors but a little inexperienced in big-boat campaigns, finally *accepted the job* he brought with him a list of personnel requirements. They were almost exactly those requested by Law.

The man himself, now back at work insuring oil rigs and production platforms, is as far as any individual could be from being anti-military. Law's father is retired senior naval *officer and his uncle was killed* flying Lancasters in the war. But his experiences in the past months have left a sour taste.

"The crew genuinely wanted a meritocracy on board, no place unless you were good enough," Law commented. "But the RAF brass didn't want that at all. They don't seem to understand measurable success or failure. You sign on for 16 years and that's it.

"I'm surprised that the guy who lost the briefcase with the Gulf war secrets wasn't promoted rather than court-martialled."

MOTORING



The revamped Astra: gets its public showing at Frankfurt in September

New Astra ready to star

THERE IS just one name for the new General Motors small/medium family car that succeeds the present Vauxhall Astra and Opel Kadett. Whether badged Vauxhall in Britain or Opel elsewhere, it will be an Astra.

The Astra will be one of a number of important new cars that will first be seen in public at Frankfurt Show early in September. Although it was developed in Germany, the Vauxhall Astra will be made at Ellesmere Port.

British sales will begin in mid-October. Buyers will be offered a full range of three and five door hatchbacks and five-door estate cars, with four-door saloons following early in 1992. A new convertible is being developed but the present one stays in production for the time being.

The new Astra, which I have not yet driven, is an evolutionary car. No moulds are broken but it contains a number of practical features not seen before in cars of this class.

For example, all models have *automatic front seat belt* tensioners which clamp the webbing extra-tightly against the wearers in an impact. Also standard on all Astras is a pollen filter.

There is a choice of six catalytic converter equipped four-cylinder engines with power outputs ranging from 57 to 150 horsepower. Among *them is a new* 1.7 litre turbocharged and intercooled diesel. This, too, has a simple kind of exhaust catalyser which reduces particle emissions and should make the Astra exceptionally clean even by diesel standards.

The new Astra is no bigger than the old one but is roomier inside because the roof has been raised and the windscreen moved forward. Narrow pillars and a "six window" design for the five-door hatchbacks should make for excellent visibility. Flush-fitting glass is used all round.

Special features to be available on some models include a multi-information display that means the radio channel you have tuned into can be seen as clearly as your speed. Wheelspin-beating traction control will be offered initially on the GSi.

S M

Japan throws down the gauntlet

***Stuart Marshall** on the challenge to BMW, Jaguar and Mercedes-Benz*

THE JAPANESE are good at making family hatchbacks, sports cars and recreational off-roaders. But are not luxury *executive cars the exclusive* preserve of European manufacturers?

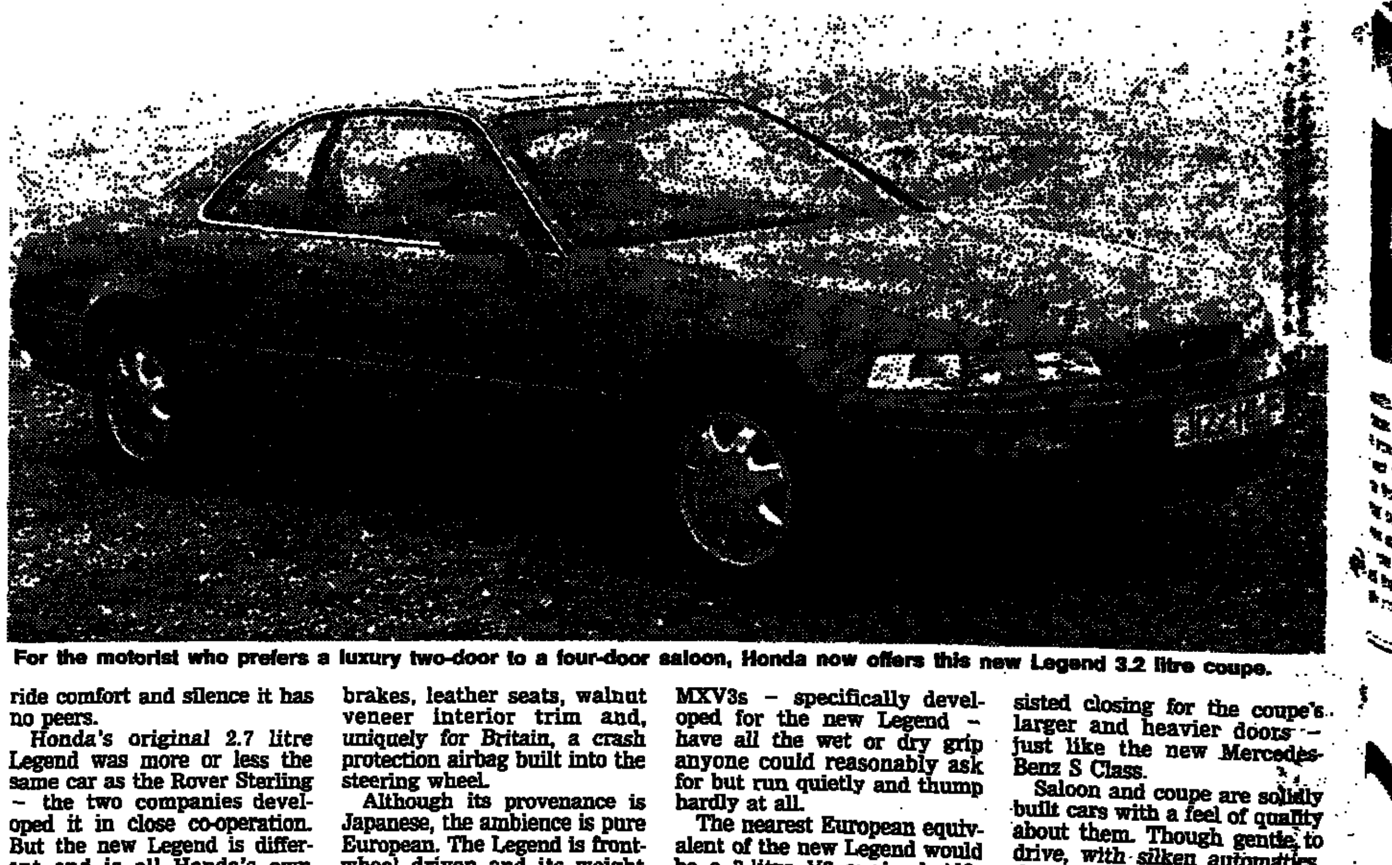
Regrettably for the likes of BMW, Jaguar and Mercedes-Benz, they are not.

So far, Japan's bid to get into the top end of the car business is most evident in the US. There, Toyota's 4-litre V8 Lexus, the 4.5 litre V8 Nissan *Infiniti and 3.2 litre Honda* (Acura) Legend are taking a lot of sales away from Germany's best-known makers and Jaguar alike.

They are doing well in the US because they allow business executives to buy (or in most cases lease) a prestigious imported car of great reliability for much less than they *would pay for a European* equivalent.

In the UK the idea of having a Lexus or Legend (the Infiniti is not available) has not made so profound an impact among senior businessmen. One reason is that very few Europeans believe any Japanese make has the status of a BMW, Jaguar or Mercedes-Benz. Another is that although they are cheaper than obvious European counterparts, they are not quite so keenly priced against the competition as they are in the US.

The Lexus, which has been *on sale in Britain for a year, is* about the same size as the old Mercedes-Benz S Class – now in the course of replacement by a new model – and the current BMW 7-Series. It is rear wheel driven and looks as if it might be a close relative of either of them. Visually, the rather thick-lipped front-end styling lets it down a bit but for mechanical refinement, ride comfort and silence it has no peers.



For the motorist who prefers a luxury two-door to a four-door saloon, Honda now offers this new Legend 3.2 litre coupe.

Honda's original 2.7 litre Legend was more or less the same car as the Rover Sterling – the two companies developed it in close co-operation. But the new Legend is different and is all Honda's own work.

For a start, its 3.2 litre, 24-valve V6 is mounted lengthways, not sideways like its pre*decessor's 2.7 litre engine*, and its 201 horsepower output is 15 per cent greater.

It is a big car, six inches (15 cm) longer than the old Legend, just two inches (5 cm) shorter than the Lexus, and it has a huge boot. Automatic transmission, air conditioning, power seat adjustment and cruise control are all standard equipment. *So are anti-lock* brakes, leather seats, walnut veneer interior trim and, *uniquely for Britain*, a crash protection airbag built into the steering wheel.

Although its provenance is Japanese, the ambience is pure European. The Legend is front-wheel driven and its weight distribution nose heavy. That makes for great stability on blustery motorways, on which it cruises at businessmen's speeds in almost complete silence. It is not the kind of car anyone of sound mind would want to corner on its door handles but I found it agreeably agile on country roads and in traffic and effortless to park.

Very sensibly, Honda has not spoiled its top car by fitting it with obese, noisy and harsh riding tyres for cosmetic purposes. *Its 65 series Michelin* MXV3s – specifically developed for the new Legend – have all the wet or dry grip anyone could reasonably ask for but run quietly and thump hardly at all.

The nearest European equivalent of the new Legend would be a 3-litre V6 engined Alfa Romeo 164 or a 2.8 litre, 4-cylinder Saab 9000 turbo. But what must be its closest counterpart is also Japanese – the high-tech 3-litre *Mitsubishi* Sigma, with its four-wheel steering and automatic traction control system.

The Legend saloon is listed at £27,695. A two-door coupe version, a Mercedes-Benz 300CE *doppelganger* if I ever saw one, has just become available. It costs £29,695. As an example of Honda's attention to detail, there is power-assisted closing for the coupe's larger and heavier doors – just like the new Mercedes-Benz S Class.

Saloon and coupe are solidly built cars with a feel of quality about them. Though gentle to drive, with *silken* automatics, they have lots of performance. The claimed maximum is 138 mph (222 kph) and 0-62 mph (0-100 kph) acceleration takes 8.8 seconds. More important, they put the power on the road so well one cannot tell whether they are front or rear wheel driven.

A lock-up in third and fourth gears *makes* the transmission fuel efficient. Considerate and reasonably law-abiding drivers could expect close to 25 mpg (11.3 l/100 km) and a refuelling range of 350 miles (560 kms) on a journey.

How to beat car crime

COMMENTING on the rise in crime a few weeks ago, a government spokesman had the temerity to suggest that individual citizens had some responsibility for protecting their own property. He was, of course, howled down, even though he was right.

Consider car crime, which is booming. According to the *Institute of Insurance Brokers*, thefts from cars traditionally used to account for about 10 per cent of all motoring insurance claims. Last year they hit 16 per cent and are still rising.

It could be reversed. Bob Neville, assistant chief constable and director of the Home Office crime prevention centre at Stafford, said recently that 23 *per cent of all* vehicle thefts were from cars with unlocked doors and open windows.

Putting anything pinchable out of sight in the boot or under the load space cover and then locking the car is so obvious a step it is hard to understand why one motorist in four does not take it.

"Pinchable" does not have to mean valuable. Obviously, leaving a £300 camera in full view even in a locked car is sheer stupidity. But car thieves will also take a jacket casually thrown on to a seat, or a carrier bag of groceries from the back of an estate car.

In a bid to improve matters the Institute of Insurance Brokers is putting its weight behind what it expects to be a trend-setting motor policy underwritten by Dominion Insurance. In the event of car theft, Dominion will not pay out if it can be proved that the car had been left unlocked.

The policy, linked with *membership* of Neighbourhood Watch or similar organisations, will save motorists 10 per cent at renewal time. Other motor insurers *are expected to follow* suit.

S M

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HOW TO SPEND IT

How to travel in style

Lucia van der Post with tips and ideas for holidaymakers

THE SUN may not be shining with any proper sense of purpose but you can tell it is summer – the Tube is full of backpackers, British Rail turns up the train heating and at Gatwick airport the trolley wars break out. If to you summer means travel here are a few of the latest aids:

■ British chaps on foreign beaches have a way of looking less than chic. When it comes to bathing costumes Davies of 10 Great Newport Street, London WC2H 7JA has some of the nicest I have seen – long, roomy Bermudas with comfortable drawstring fastenings in good colours like navy with bottle green or navy and bright yellow at £39.50 each.

If you do not feel like forking out that sum for a fortnight by the *plage*, then Kaleidoscope of Desford Road, Enderby, Leicester LE9 5XX sells brightly-patterned 100 per cent cotton Bermudas, also with drawstring waists, for just £6.99. Its catalogue is useful, too – filled with jaunty ideas for beach or patio.

Roomy Bermudas from Davies

■ Many a plimsoll may have safely survived a turn in the washing-machine but a washable leather shoe seems something new. K shoes have solved the problem of the less than clean and fragrant shoe with the Workout shoe – drop a pair into the machine (at 40°F) with your weekly wash and they will emerge clean and fragrant and all in one piece. £32.99 a pair in white trimmed with yellow, silver, jade, turquoise, lilac or pink. Davies also has excellent simple holiday shoes in cotton canvas starting at £18.50 for a pair of sailing shoes.

Washable leather from K shoes

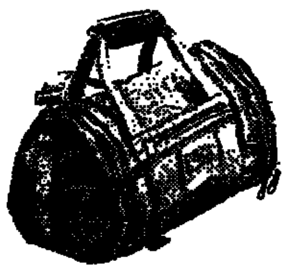
■ The ultimate easy cover-up for beachside living has to be the pareo. In essence a pareo is little more than a piece of fabric but as fabrics go the Jaques Rollet range at Harrods (£21.50 each) is something different – colours and symbols drawn straight from Gauguin's Polynesia. Ask for Rollet's leaflet showing seven different ways to tie them. Harrods of Knightsbridge has a good selection.

■ Panama hats are what the well-dressed Englishman wears abroad. The finest and best are from Herbert Johnson of 30 New Bond Street, London W1 but at £75 to £85 for standard quality folding ones and £750 for the finest, softest Monte Christo (so fine it will pass through a wedding-ring) they are not cheap. Cheaper, if less fine, are the Panamas from John Brocklehurst, The Countryman's Outfitter, Matlock Street, Bakewell, Derbyshire DE4 1EE. There are four different styles at £23 each.

■ Hate the taste of tap water? Worried about its cleanliness? Miniature portable water filters are handy – Brita makes them at £4.95 each. Find them in big stores and at good chemists.

■ All those shopaholics who always come back with more than they took might like to know about Skyways' expandable duffle bag, Le Pointe 11. Discipline yourself to packing it in its smallest form – for coming back put the new trinkets (or your dirty linen) in the four separate extensions. In tough dark blue Dukk Tex, £44.95 from Selfridges of Oxford Street, London W1 and other good luggage departments.

Paul Smith of 43-44, Floral Street, London WC2 has a range of holdalls in brilliant striped fabrics so soft they will fold into a handbag. £24.



The shopaholic's duffle bag

■ Not practical and certainly not cheap but nonetheless cult luggage for the international set are Zero Halliburton's aluminium suitcases (*Miami Vice*, *Dallas* or *Twin Peaks* fans will know them well). A set of three is yours for about £1,500. Selfridges sell them.

■ For packing cosmetics, medicines and general toiletries, Ralph Lauren sells a pretty, cotton canvas roll-up bag – four separate zipped compartments with waterproof plastic coverings keep the contents separate. £45 from Ralph Lauren, 143 New Bond Street, London W1Y 9 FD.

The bag with plenty of zip

■ The Body Shop sells empty plastic travel bottles into which you can decant cosmetics from 85p to £1.15, depending on size. The Body Shop's Aloe gel (£3.05 for 75ml) soothes sunburn.

■ Campers, hikers and trekkers need a portable, unbreakable small mirror. The Conran Shop, Michelin House, 81 Fulham Road, London SW3 has just the job – double-sided, it has small suction points with which it can be attached to a smooth surface and an expandable flex. £23.45.

■ Keep the kids amused with magnetic travel games – chess, ludo or solitaire – £6.50 each from Fenwick of 63 New Bond Street, London W1.

■ For the minimalist traveller the leotard as a garment takes some beating – use it as a swimsuit by day, a "body" by night. Pineapple, 6a Langley Street, London WC2 (and branches) does the best inexpensive version I know – in plain black, £16.99.

■ Stars shine brighter in Mediterranean night skies so scientifically-minded children might like the Stellarscope as a holiday toy. The Stellarscope teaches them to identify the major groups of stars. £19.95 from Graham & Green, 4 and 7 Elgin Crescent, London W11.

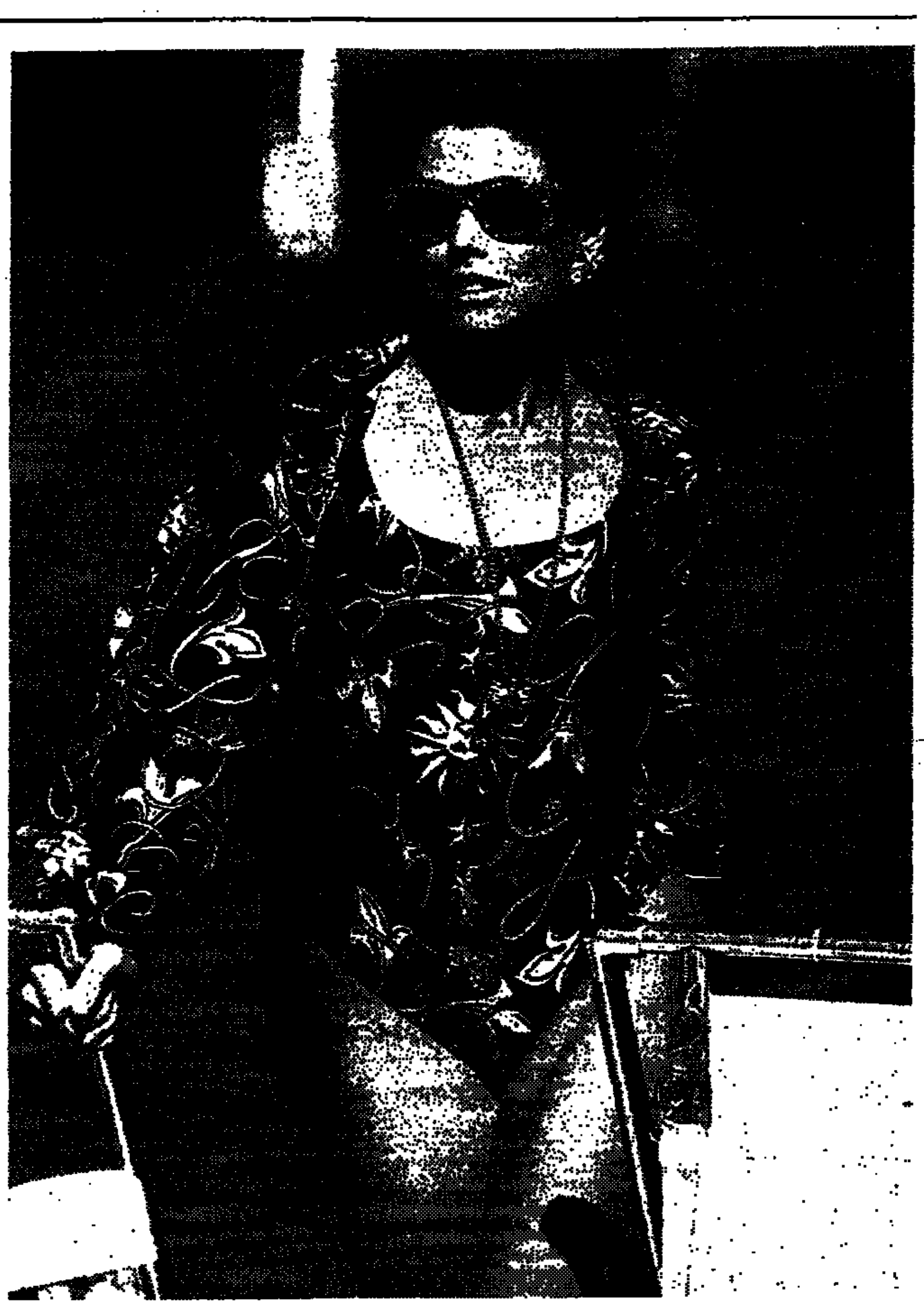
■ A beach bag (18in by 11in) that can be blown-up to form a pillow sounds like a good idea – in navy and white or yellow and white-striped plastic. £4.60 from Selfridges of Oxford Street, London W1.

It's a bag ... it's a pillow

■ The most practical swimsuits these days come paired with shirts or "throws" so that their wearers can stroll decently from beach to restaurant to hotel and back. Slix has a good selection of clever twosomes but perhaps most glamorous is the one photographed right, based on a rich pattern reminiscent of those found on upmarket scarves.

In black and gold with either red or green, the Camisole swimsuit (Polyamide and Elastane) is £56, the oversized shirt, one size only (Viscose and silk) is £130.

Stocked by Selfridges of Oxford Street, London W1, John Lewis, Park Royal, Kendal Avenue, London W3, Jenners of Princes Street, Edinburgh, James Beattie, Victoria Street, Wolverhampton and the Army & Navy of Chichester, Sussex. Other Slix stockists can order it from Slix.



GARDENING

Plant of the Week

Rodgersia pinnata

This beautiful hardy herbaceous perennial is specially suitable for moist places close to pools or streams but it can also be grown in borders provided the soil is not liable to dry out badly. It has large leaves each made up of a number of separate lobes, wrinkled and much like those of a horse chestnut tree. The flowers are white or pink, small but carried well above the leaves in branched clusters. The leaves appear in spring and are occasionally cut by late frosts but as a rule more appear quickly. and This is an excellent foliage plant until the leaves die down in the autumn. It is readily available especially from water garden nurseries. *AH*

Howard's way with roses

Robin Lane Fox visits the gardens at Castle Howard in Yorkshire

UNTIL the mid-1960s, a major force for better gardening was a famous partnership at Sunningdale Nurseries. I still look fondly at my old nursery catalogues from the days when "ground cover" was a speck on the face of a good mixed border.

The members of the partnership were connoisseurs, great rosarians and growers of rhododendrons. Graham Thomas, king of living plantsmen, turned to writing books and the demands of his role as Gardens Adviser to the National Trust. Jim Russell did not write books, and perhaps his name has remained less familiar. He, too, withdrew to a non-commercial life and Sunningdale Nurseries became a textbook chapter in business history: it went to bits after a takeover by a bigger, market-minded partner. It is only a memory nowadays.

When the two partners went their separate ways, they soon had the chance of planting and designing large walled gardens. Last month, I referred to Graham Thomas's, the fine garden of old roses which is maintained by only two full-time gardeners at Mottisfont for the National Trust. In this wonderfully delayed season, I have enjoyed a rare opportunity. I have just seen Jim Russell's garden at Castle Howard in East Yorkshire where the weather has held back the old-fashioned roses until I could make the trip.

Are the two gardens the children of similar minds? You might think so if you headed for their old stone seats. In each garden, the roses on the wall behind are a pink-cloud variety, bred in the early Sunningdale years. The flowers on the wonderful pink rose Constance Spry open for only one season, but they appear in wild abundance and are singularly scented. They remind me of a first-class bath-powder or (as experts assure us) of myrrh. Perhaps they do still know what true myrrh smells like.

Anyway, the two masters of English old roses have not demurred but have both done the same thing. They have planted rose Constance Spry, which we all use as a tall, floppy shrub and have trained it sideways against a wall. The effect is overpowering: hundreds of flowers breathe myrrh off the old brick wall without any of the long, loose shoots which can be so annoying when this plant is grown as a bush.

What about the main rose beds? At Mottisfont, the roses are all old-fashioned, some of them very old and rare, sent from their only refuge in eastern Germany. At Castle Howard, there is more of a progression from old to new. Both gardens like Rose complicata, the easy and uncomplicated single pink rose which grows anywhere. At Mottisfont, it has grown up into an entire apple tree. At Castle Howard, it grows on either side of a gateway. Beyond, the garden broadens out into a profusion of old varieties, flanked, however, by a garden of the harsher modern tea varieties and by a newer border of the English Rose varieties bred by David Austin. The former are as ugly as the latter are charming.

Both collections have rare residents. At Castle Howard, even an expert might hesitate over a tea rose like Baronne Henriette de Snoy and the two related family-varieties, Rhodologue John Graveraux and the prettier Madam Jule Graveraux, perhaps his wife. At Castle Howard, the old roses are grown up slatted rectangles of wooden trellis; at Mottisfont, they are propped or left alone. I prefer the trick of using trellis: it shows off a rose's flowers to the full.

I also like the long-lasting little pink rose called Spong. There is a Spong or two at Mottisfont, but many more at Castle Howard where you can see its value as a rose for edging, about 2½ft high. This variety really does flower several times in a season without looking common.

At Mottisfont, the interplanting makes particular use of white foxgloves and some undistinguished forms of fringed dianthus. At Castle Howard, there are many more campanulas, especially the milk-blue lactiflora which the garden centres are wrongly reducing to a miserable dwarf variety. There are also the old rose's best companions, huge bushes of scented philadelphus which this late season held back so that the flowers coincide. An array of large delphiniums strike a clashing note from mauve to midnight blue. A clipped hedge of purple berberis edges one of the rose gardens which I find, frankly, a mistake.

If distance was no object, which of the two gardens should you visit first? In the main rose season, I think it has to be Mottisfont. The Castle Howard garden brings the rose's history up to date, but roses (such as Austria) have patches of history which are better kept out of the limelight. In spring, however, the choice would be rather different.

Beyond the main house, the Howards have made over a light woodland to the remarkable collection of rhododendrons and related trees which have also been June Russell's life-long devotion. There cannot be a finer collection now in Britain.

Beyond Vanburgh's Temple of Winds, on the next ridge of hills, is Hawksmoor's classical mausoleum. The temple and mausoleum long answered each other as equals in a dialogue of architectural flair. Now, in the wood behind them, they have been joined by an unclassical rival, woodland planting, which is a memorial to a great plantsman and a private initiative of the Howard family. Beside the Temple of Winds the best spirit of Sunningdale lives on beyond its nursery's days.

A Chinese puzzle solved

ORIENTAL *Vegetables* is a new book on a subject of ever-increasing interest. It could equally well have been called *Chinese Vegetables*, since that is what it is mainly about.

Although many of these vegetables reach us via Japan, that is because the Japanese are the ones who cultivate Chinese varieties for seed and export. The Chinese produce seed mainly for their own use. To some extent, this also accounts for the great number of varieties and much of the confusion over names because each Chinese commune tends to produce its own selections, often with local names.

The author of *Oriental Vegetables* (£16.95, John Murray) is Joy Larkom, one of our most respected vegetable specialists, who grows them both for herself and commercially at her home, Montrose Farm, near Diss in Norfolk. She has been researching the subject for years. It took several years to arrange a visit to China to see exactly what they grew and how they grew it, and to sort out some of the muddle over names. So anxious was she to do it thoroughly that she spent some time acquiring a basic knowledge of Chinese. She says that this would probably have been impossible, had it not been for two years spent in China as a child.

After an unforgettable and rewarding journey, she travelled on to Hong Kong, Japan, and Taiwan to find slightly different cultural methods, new varieties and some new crops. Two years later, she went to North America to see what the oriental communities were growing there, and also visited Holland and various establishments in Britain that are growing Chinese vegetables.

The results of all these studies is a large and scholarly work that is good reading. She covers her subject comprehensively, not just describing the multitude of vegetables that the Chinese grow but methods both of growing and cooking them.

The ground plan of the book is logical. First, there is a section of 118 pages on the vegetables themselves, divided into subsections, the first of which is on brassicas, or cabbages, and their relations, which she regards as the most rewarding for westerners. They include Chinese cabbage, pakchoi, choy sum, various rapes,

mizuna, mibuna, and mustard greens, Japanese turnips, oriental saladini, and ornamental cabbages and kales.

There is a section on alfalfa and Chinese clover crops, followed by beans, Chinese artichokes, box thorns, celery, chives, and chrysanthemum greens. Then come the cucurbits, garlic, water spinach, stem lettuce, and mitsuba, a Japanese crop. Onions include both oriental bunching varieties and rakkyo, an Asiatic species that is especially valued for pickling.

Then we have pea shoots and perilla, a vegetable which is the quintessential Japanese herb for seasoning and garnishing. There is quite a long section on radishes, followed by yams and taros. Water vegetables include arrowhead, lotus, water bamboo, water chestnut, water caltrop, water cress and water shield, which is gathered from the wild, rather than being cultivated. There is a section for herbs and another for wild plants, and this part of the book closes with a comprehensive account of seed sprouting and the vegetables chiefly used for this kind of cultivation.

Part two is a lengthy account of Chinese gardening methods, including a thorough investigation of Chinese maintenance of soil fertility, the role of earthworms, and of organic feeding. Plant raising and cropping systems are explained. There is much useful information about protected cropping, which is so important for some oriental vegetables, a brief account of organic methods of pest control and a useful description of Chinese cooking followed by recipes.

Larkom says that a characteristic of Chinese brassicas is the many stages in their growth at which most of them can be used. Many can be sown for use as cut-and-come-again seedlings, and the secret of success here is always to cut above the cotyledons, or seed leaves. These seedlings are exceptionally tasty and nutritious and, because returns are swift and high, Larkom regards this as an ideal crop for owners of small gardens.

An alternative to seedling brassica crops is the cut-and-come-again semi-mature crop in which leaves are cut an inch or so above ground level. With heading brassicas, she says that this can also be done after the mature head has formed, when simply a stump is left to re-sprout.

Arthur Hellyer

High Street Wine/**Edmund Penning-Rowsell**

A dozen good value supermarket wines

AT A recent Sainsbury's tasting fewer new or new-vintage wines were shown than at Waitrose's (reported on June 22): 17 compared with 46. So, to make up our usual quota of a dozen a few already-listed wines are included.

White

Vins de Pays du Gera, NV, £2.75. With a powerful aroma and flavour that fills the mouth this modestly-rated, fruity, ample wine that has benefited from skin-contact is excellent for informal-meal drinking.

Sainsbury's La Mancha, NV, £2.49. Available from July in all their 305 wine-selling branches, this is a surprisingly fruity, well-balanced wine from a region that so far has not made much international impact. With duty at 90p a bottle and 17½ per cent VAT it must be a bargain.

Cortese Alto Monferrato, 1990, £3.35. From one of Italy's most prized and often over-priced grape varieties, this is really dry with a "cut" in flavour that is a shade coarse but distinctive.

Chevalier St Vincent, AC Bordeaux, 1989, £5.95. This is another "new wave" dry white bordeaux, fermented in oak and kept on its lees for eight to nine months before bottling, it has benefited from a year's bottle-age. Full-bodied and flavour. Available in July and limited to 40 branches.

Chardonnay del Piemonte, 1990, £3.45. Unlike some "emigrant" chardonnays, this has real grape-variety character, and modestly priced. Worth buying and putting aside for a further year.

Chardonnay Denman Estate, NSW, 1990, £5.25. From the Rothbury vineyards in the Hunter River Valley, this is a very bold, very oaky Australian-style chardonnay that one either enjoys for its emphatic style or finds rather larger than life.

Red

Sainsbury's Vin de Pays de la Dordogne, NV, £2.75

From near Bergerac, and made from the Cabernet and Merlot grapes of nearby Bordeaux, this has a blackcurrant nose, good colour and provides easy drinking now. Specially good value for those who like bordeaux style red wines.

Hauts-Cotes de Beaune, La Perrieres, 1988, £6.35. Fermented in one-to-four-year-old oak casks. it has real red burgundy's style and character, though very light in colour and flavour. A fairly-priced wine in terms of lean-basic red burgundy.

Serego Alighieri, Valpolicella Classico Superiore, Masi, 1986, £5.45. From the estate of the Dante family, and made by a leading Veronese house of Masi, a light elegant wine of some class and good-balance. For current drinking, but only available in two branches: Cromwell Road and Nine Elms.

Cook's Cabernet-Sauvignon-Merlot, 1988, £4.95. This New Zealand claret-style is light in colour, produced from two-thirds Cabernet and one-third Merlot and matured in French barriques, it is light in colour, soft in flavour and already good for current drinking.

Pieve dell Cappezine, Avignonese, 1988, £13.45. A powerful (13.4°) still fairly tannic wine, with 40 per cent Cabernet-Sauvignon in the blend, this comes from one of the top Montepulciano houses. A *vino da tavola* of high quality. Not available until next month, but worth looking for in 45 of the leading branches.

Reserve de la Comtesse, Pauillac, AC, 1988, £12.85. This second-wine of Pichn-Lalande has a lovely, elegant claret nose, a flavour lighter than the grand vin, and a softness partly derived from the 35 per cent Merlot in the blend. For the dedicated claret drinker alone, as only in the Cromwell-Road and Nine Elms branches. Worth the detour to pick up a few bottles, certain to improve for a few years.

Fothergill's finest flan

BETWEEN 1922 and 1932 the literati and glitterati of Oxford often repaired to the Spreadeagle Inn at Thame, an establishment then owned and run by an eccentric called John Fothergill.

Fothergill, who described himself in *An Innkeeper's Diary* as "the first educated person to take and make an inn after his own kind", stated his intention as being "not only to have proper and properly cooked food, but to have only intelligent, beautiful or well-bred people to eat it."

He welcomed warmly those he would have invited into his own house. The rest, potential paying customers though they may have been, were sometimes treated brusquely and occasionally offered raised fists.

A business-like approach was not in Fothergill's nature and he never grew rich. In spite of the huge popularity of The Spreadeagle – and a fair number of enemies – he sold the place for less than half the sum he paid for it. He moved to Ascot, then Market Harborough, to run other hotels, and he once kept elephants to help with building work and to provide manure for his garden. A singular caterer to the end.

At Thame Fothergill reputedly grew some 700 different plants in his remarkable garden. He also did most of the cooking himself and shopped for ingredients with great care, buying bread daily from three different bakers, for example. His prices were basically modest given the quality of his foods and wines, but they changed according to whim. A party of people he thought ugly was charged 6d extra per head, and he once marked an enormous bill run up by the poet John Betjeman "less £6 for extravagance".

One of Fothergill's well-loved puddings was a crisp biscuit crust pastry tart generously filled with raspberry jam under a layer of lemon curd, topped with a blanket of thick cream. The combination of flavours is wonderful, but the effect is even better I think when fresh raspberries are used in place of raspberry jam. Also, I prefer the slight tang of *crème fraîche* to ultra-rich clotted or whipped double cream.

To make **FOTHERGILL FLAN** to serve eight people, you will need a 10-inch blind-baked pastry case, ¾ lb or more of firm, perfectly ripe raspberries, about two-thirds of a 1lb jar of lemon curd (home-made of course, or bought from a Women's Institute stall, not the Vaseline-like substance of a mass market brand) and ½ pt of cream. Just one word of caution: delay assembling the tart until close to serving or the pastry may sop up moisture from the filling and turn soggy.

If pastry is not your forte, or if you want a dish that is fractionally lighter, you may prefer simply to layer the fruit, lemon curd and cream in a pretty bowl or in individual glasses, and offer a plate of shortbread, almond tuiles or other crisp little biscuits on the side.

When the weather is so inclement that something warm would round off dinner more sweetly, an alternative attraction might be **LIME AND WILD STRAWBERRY SOUFFLE.** This is my own confection, not filched from Fothergill. I rate it virtually foolproof and it is ideal for impromptu occasions if you grow your own alpine or wood strawberries and usually keep eggs and citrus fruit in the larder – a lemon will do in the absence of lime.

Summer berries: perfect for flans and souffles

If you lack wild or wood strawberries, raspberries would be a good choice – or blackberries or mulberries later in the year. Avoid ordinary strawberries. They tend to be too large; and if sliced or chopped their juices may weep into the souffle while it cooks.

To serve 4-5 people, first mix 3 tablespoons of freshly squeezed lime juice and some finely grated zest with 3 tablespoons of caster sugar and the yolks of 6 large eggs. Whisk the whites of the eggs to shiny peaks and fold in the lime mixture.

Rub with butter paper a 10-inch porcelain dinner plate, or other largish flat dish that is a good conductor of heat and suitable for bringing to table. Tip half the eggy mixture on to the plate, spreading it well without deflating it. Scatter with a small handful of berries and swirl the rest of the eggy mixture on top.

Bake on a pre-heated baking sheet at 425°F (220°C) gas mark 7 for, say, 6-8 minutes until puffed up and coloured on top but still creamy in the centre so the fruit is warmed rather than cooked.

Philippa Davenport

Capital delicatessens

Giles MacDonogh on speciality food shops in London and Paris

IN THE past 30 years Britain has seen a revolution in the nature of the shops which sell us food. The old-fashioned grocer has now all but ceased to exist and its functions have been asborbed by supermarkets and delicatessens. Only the corner shop survives: managed by families of Asian descent. It is open longer, but apart from that it continues to sell the same drab collection of untempting tins.

In theory you have a better chance of finding something more interesting at a delicatessen; but sadly the theory is but rarely true in practice: most "delis" offer nothing out of the ordinary and their range is often poorer than that available from the supermarkets.

One delicatessen which opened only last year, however, has made a considerable effort to offer something a little more tempting than the standard range of products brought in from semi-industrial suppliers. Tom's, in Notting Hill Gate, London, is the latest food venture launched by the ubiquitous Conran family: the Tom in question being another member of the tribe.

The name Tom's has a rather mid-Atlantic feel to it which is evident in its trendy attitude to food: if something is "in" it is bound to be available from Tom's.

There are the food equivalents of designer clothes, represented not only by Tom Conran's own range of products but others such as anti-pasti from Cipriani in Venice; pasta from De Ceco; olive oil from Prince Colonna; ices from Haagen Dazs; summer puddings from the Roux Brothers; Sapporo beer; Jurgen Langbein bottled stocks; Kettle crisps and Rougie foie gras to name but a few.

Good, unsalted butters come from *Isigny, Saint Mère* and *Echiré*; excellent English and Irish cheeses are obtained from Neal's Yard, Covent Garden, London, while French cheeses are bought directly from France: on the day I visited the shop they included a *Brie de Meaux* in beautiful condition.

The *charcuterie* was less impressive: an "*andouille*" sausage looked more like an *andouillette* and the *pâtés* appeared tired. A few salads and reheatable dishes were specially made for the shop; these included a basic *poulet basquaise*, some *duck confit*, *salade niçoise* and fresh pasta. Some decent cakes were also made to order.

Tom's is unquestionably one of the best delicatessens in England's capital; but we still have a long way to go before London can offer the advantages of even the meanest Parisian shopping street.

The miniscule Charcuterie Coesnon in the rue Dauphine in Saint-Germain-des-Prés has been in business for about 30 years. The 4 sq metre shop is now the property of the *maître-charcutiér* Gerard Robert.

At Christmas *le tout Paris* forms a 100 metre queue from Coesnon's door right the way up to the market in the rue de Buci, so popular are Robert's terrines of goose and duck *foie gras*. Here you may also buy the fresh livers and truffles you will need to make your own *foie gras*.

When I last visited Coesnon in June it was not the season for such rich delicacies, but there was no shortage of good things in the cluttered little shop: hams and brawn; *jambon persille* and sweetbread terrines; those little spiced meat pies with which they greet the hardy queuers at Christmas; and a huge range of *pâtés* all made on the premises.

One of Coesnon's many specialities are its boudins: sausages made from fresh blood with flavourings *(boudins noirs)* or from white meat (pork, veal or chicken) for the *boudins blancs*. Coesnon makes 18 different sorts of *boudin blanc* favoured with such rarities as morels, shellfish, *chorizo*, prunes, sweetbreads and, of course, truffles.

The boudins noirs are spiced *à la Créole* or with herbs, raisins or chestnuts. Among their other sausage specialities are smoked *morteaus* and *montbeliardes* to go with *sauerkraut* and the king of sausages: their Lyonnais stuffed with truffles and pistaccios.

It would take too long to elaborate on all the good things available from Coesnon, you will simply have to pay them a visit the next time you go to Paris. The last time I was there I encouraged Madame Robert to open a branch of her shop in London. She looked doubtful about the idea at first and then smiled once she had found a fail-safe means to counter my insistence: "Where would we get the raw materials?" Where indeed.

■ *Information: Tom's, 226* Westbourne Grove, London, W11, tel. 071-221-8818. Open 8am to 8pm Mon – Sat. Sun 10am-2pm.

Coesnon, 30 rue Dauphine, 75006 Paris. Tel: 43 54 35 80 or 43 26 56 39. Open Tues-Sat 8.30 am to 7.30 pm.

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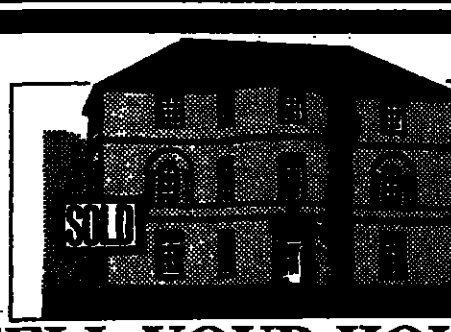

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LONDON PROPERTY

The price tag of freedom

***John Brennan** assesses proposed changes in Britain's antiquated law on leasehold*

THE BRITISH government has announced plans to reform the antiquated system of freehold ownership of flats and other properties with shared facilities. At least 1.5m leaseholders in flats could benefit. Such changes would have a profound influence on the property market.

In an active housing market the difference in value between a short and a long leasehold can be dramatic enough. In today's patchy market the term of the lease can decide whether the property is saleable or not.

The scale of the price discount for short leaseholds is made clear by West End agent Patricia Farley. She reports two identical two-bedroom flats in Lennox Gardens, SW1, would be worth £175,000 on a 27-year lease but nearer £300,000 on a 99-year lease.

Chesterfield's Brian d'Arcy Clark points out that the better the area the lower the price differential. A 60-year leasehold in Belgrave Square would be worth 85 per cent of the freehold value; a similar one sold in Fulham would be nearer 65 per cent of an equivalent freehold.

In north London, Mark Pollack of Aston Chase reports a constant problem trying to explain UK leaseholds to the overseas buyers who set the pace for sales of flats and houses in St John's Wood, Hampstead and Highgate. "Anything that simplifies that will be an enormous help," he says.

The valuation gap reflects the problems of raising mortgages on leases with less than 35 years to run as well as international buyers reluctant to look at properties that are not either freehold or leased for longer than the traditional "three lives" span of 99 years.

There is not expected to be any widespread surge of buying interest in short leaseholds until the timetable for commonhold is confirmed. However, as d'Arcy Clark says: "The news will give incoming buyers to London a lot of comfort. If London is to be seen as an international capital it has to have a system of property ownership that everyone understands."

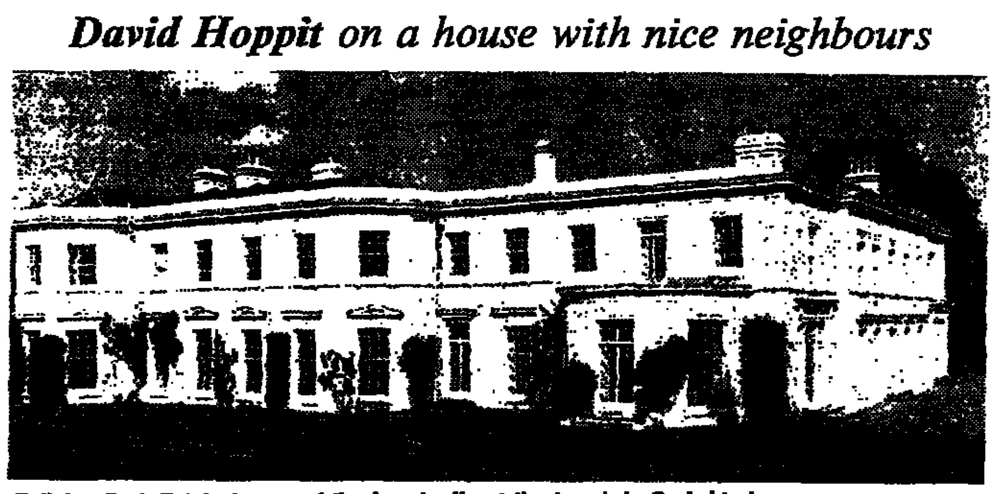
While welcoming the proposals, the Royal Institution of Chartered Surveyors comments that the proposed extension of flat dwellers' right to buy the freehold of their block is unlikely to reduce service charges. The RACS warns that commonhold could create new problems for apartment block management where individual flat owners cannot or will not co-operate on common costs.

Equally, it remains to be seen whether the current proposals will extend the right to buy to individual leaseholders occupying houses. As it stands, only leaseholders in properties with a rateable value of £1,500 a year or less have a right to negotiate the purchase of the freehold. That specifically excludes most of the houses in London's central area estates. It would require a change in the law to give occupiers a right to extend their leases or an ending of the property value qualification to bring house leaseholds into line with the commonhold proposals for flats.

In the meantime, the Lord Chancellor has been adopted by most central London estate agents as a welcome addition to their sales teams. Lord MacKay's statement on leaseholders' future right to buy is expected to give an extra boost to the London residential market in a summer sales season where values are still dictated by the bargain hunters.

A snip at just £12m

***David Hoppit** on a house with nice neighbours*



Foliejon Park Estate is one of the jewels, if not the jewel, in Berkshire's crown

AT £12m, Foliejon Park Estate close to Windsor Great Park could be the bargain of the year, even though there is a bit of work to be done on it; two years ago the agent's price guide would probably have been closer to £20m.

Unlike many properties that have been "institutionalised" Foliejon's Grade II white mansion is relatively unscathed; however, the new owner will probably dispense with the 20,000 sq ft of laboratories, allowed in 1986 as the work there was of "acknowledged national importance".

The work was, in fact, metallurgical research; the property will probably be sold either as a leisure centre or, more likely, as a private residence. Already one Arab has flown over in one of the family jumbos to view it.

Property in and around Windsor Great Park is always at a premium. Its proximity to London and Heathrow (20 minutes in the Rolls-Royce), plus pleasant neighbours in the castle, put the limited number of large houses into the super league.

Considering its size and beauty Foliejon Park Estate is one of the jewels, if not the jewel, in this Berkshire crown. The house, with its 10 main bedrooms (mostly suites), was built in about 1800. Former tenants include King Haakon of Norway, the queen's great uncle, and Princess Hatzfeldt-Wildenberg (a Hapsberg).

Foliejon's rolling grounds of 527 acres include a five-acre lake, woodland, numerous cottages and other buildings and 401 acres of grade three farmland, farmed on a share basis with a neighbour.

There are perhaps a dozen large houses around the park (King Hussein has more than one), all commanding serious prices. Ascot Place, with just 370 acres, was sold three years ago by Mrs Jack Heinz for a price said to be "nudging" £15m.

The buyer, Mick Flick, formerly of Mercedes Benz, has now resold it to a Middle Eastern family for close to £20m. Ascot Place has a larger lake than the one at Foliejon, plus a pretty Georgian house, but it has less land and much is flat and boggy.

About four years ago Fernhill Park, with about 200 acres, sold for more than £10m. Lesser properties sold recently include Cranbourne Court, Rod Stewart's former home, sold with 15 acres last year for about £4m; Cowarth Park, near Smith's Lawn, sold for more than £5m; Park Place, sold for nearly £6 m two years ago; and Peter Cadbury's old home at Crutchfield Manor, sold for about £1.5m.

The roll-call of owners past and present reads like Who's Who; Beatles, Arab princes and captains of industry are all on the owners' list.

Savills with John D. Wood are vacuuming the red carpet for likely buyers and some well-heeled visitors have strolled around the gardens. One of the attractions for shy VIPs is the absence of any rights of way across the estate. Concorde does, however, roar by.

Had they undervalued it?

"This is a realistic price in the present market; there's no doubt it would have been very much more back in 1988," said Ian Stewart of Savills.

"In the present climate even the super-rich are not prepared to throw money away. It is certainly good value for money, especially as there is not another property quite like it this close to Windsor Castle," added Philip Blanchard of John D. Wood.

One can live very much closer to the queen for just £250,000, according to Knight Frank and Rutley . . . next to the castle battlements. Turret House, with six bedrooms, needs complete modernisation and is being sold on a 99-year Crown Estate lease. Owners will have a fine view down the Long Walk and Home Park.

Not all houses that have been "institutionalised" are quite so easy to "deinstitutionalise" as Foliejon; the home of radar, Bawdsey Manor, is in this category.

This magnificent late Victorian Grade II* mansion on a cliff by the River Deben estuary, not far from Woodbridge in Suffolk, has played a secret but vital part in our defences since it was bought by the Air Ministry in 1935.

Robert Watson-Watt orchestrated most of the early development of radar at the great house and it played a critical role throughout the war.

The original estate and house was built and developed by Sir William Cuthbert Quilter in 1886; he was interested in architecture and was responsible for the mix in styles, particularly in the red tower, built in 1895, and the white tower (added in 1904).

The estate once covered 8,000 acres and included retirement homes for ex-employees. The gardens were the domaine of Lady Quilter and one of the head gardeners was the father of Percy Thrower; much of those creations remain. hidden by brambles.

Now the estate runs to just 150 acres and includes guard rooms, Naafis, stores and gymnasium, with not a vaulting horse in sight. Ugly office and accommodation blocks, flat-roofed and barrack-like, will surely be bulldozed by a new owner.

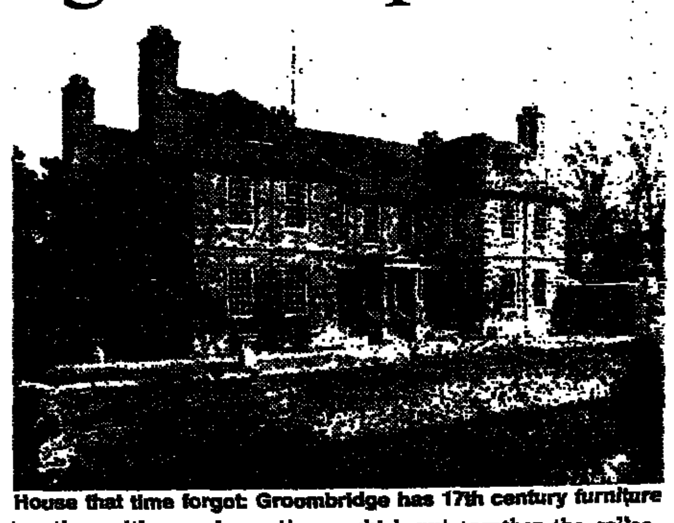
Within the great house, where the institutional influence is thankfully only superficial, there are some splendid rooms. The former officers' bar includes sets of footprints across the ceiling.

It was apparently the tradition that each new commanding officer had to be held aloft to walk upside-down, his shoes just painted; alas one unfortunate officer was dropped, suffering a broken leg. Undaunted he returned to complete the task, the plaster cast marks alternating with his good foot.

Quite what any new owner will do with the old place is difficult to foresee. Its location by the sea seems to indicate hotel or leisure use – time-share perhaps. The old V-shaped farm buildings (so shaped to lessen the influence of easterly winds) would make admirable holiday homes. There is also a stable block, 13 cottages, a sunken rose garden and a two-acre walled garden.

Savills refuses to give even a price guide. However, it would be a waste of time viewing unless you have £2m to spend on the purchase and a good deal more on the deinstitutionalisation.

Dwelling in the past



House that time forgot: Groombridge has 17th century furniture

TIMES CHANGE. What would have constituted an exquisitely des. res. in the 17th century would today, if largely unchanged, be a museum piece, particularly if it were filled with art and furnishings dating back 300 years.

Such is the case with Groombridge Place on the Kent and Sussex border. The 238 acre estate comes to the market in nine lots through Strutt & Parker and RH & RW Clutton at a guide of £3.25m; the contents of the main house, to be auctioned by Sotheby's when the house has been sold, are expected to fetch up to £1.5m.

The house itself stands on the moated site of a medieval manor with formal terraced gardens and a Grade 1 listing attached. Approached by a lakeside carriage drive and furnished almost entirely with items from the Stuart era, it was used as a set for Peter Greenaway's film, *The Draughtsman's Contract*.

It was built to an Elizabethan H-plan design by Philip Packer, a lawyer whose family produced three clerks of the Privy Seal and cashed in on some of the nice little earners to which that office gave access. Philip himself became Paymaster of Works for the King's Households. His portrait and those of his children still hang in the house.

Philip was a connoisseur of the arts and founder member of the Royal Society and wished not so much for outright grandeur as a house in which to live. He built it in red brick, foregoing the masonry quoins which new money carriage dealers of the time favoured, and he kept some good quality linenfold panelling from the previous house together with one decorative ceiling and a Tudor fireplace.

It is small as such houses go, with five reception rooms, four principal bedrooms, seven other bedrooms and four bathrooms all of relatively modest dimensions.

Only five families have owned Groombridge Place and, though there were some wasters among them and the house spent a short spell in Chancery that partly accounts for its state of preservation.

One window pane, inscribed perhaps by the diamond ring of some visiting nob, has the initials JG, and the date, 1713, while an inscription on another, dated May 11 1765 but signed illegibly, goes for greater posterity:

When this you see, remember me still
Bear me in your mind what others
Say when I am gone speak of me as you find.

For most of this century Groombridge Place has been owned by the Mountain family which put together the collection of furnishings, though the most recent occupants were single people who could cherish them in splendid isolation.

The hope is that the buyer of Lot 1, the main house and 164 acres, will take on the contents and so keep them together, but it is hard to see that combination as a family home. Crayons or penknives on the Jacobean oak panelling would be traumatic and a cricket ball through the etched window panes would be a disaster. The house would otherwise need a lot of guided tours and film location fees to give an investment return.

Ideally, for posterity – which does not of course have to pay for its upkeep – it needs more owners with the means to love it for what it is and then, like their predecessors in title perhaps, share the sentiment: "When this you see remember me still. . ."

Is there anyone out there?

John Worrall

TRAVEL

Hold tight – it's the slow train to Arcadia

***Tim Burt** attempts a rail journey in Greece*

THE TRAIN stopped suddenly just before a tunnel. The swarthy driver turned around and growled at the passengers seated behind him. Several men stood up, adjusted their cloth caps and made for the door.

"Get out. We have to get out," translated the old man next to me. Get out? The two-car train was balanced on a mountain ledge. A sheer wall of rock bordered one side of the track, the other side tumbled into the frothy Bouraikos river. This was no place to get out.

Out, however, they got. The ticket collector, followed by the man in the suit – perhaps a salesman – then the farmer, the old man, and lastly, tentatively, the journalist.

It was the same old story: boulders on the line. The driver kept his hand on the brakes while the passengers cleared the track. The old man showed me how. He rolled the rocks over the precipice and watched them crash into the rapids below.

Landslides and boulders are just two of the hazards which impede the Diakofto-Kalavrita rail service. Other problems vary according to season. In winter, snow and ice make the going treacherous. In summer, tractors with cart-loads of lemons sometimes expire as they cross the track, blocking it for hours.

The Hellenic Railways Organisation is vague about timekeeping in the Peloponnese – the udder-shaped land-mass dangling below Greece – but it waxes lyrical about the scenery. Its brochure says the rack-and-pinion trip "resembles a journey in a dream... the mountain slopes call forth awe... and before long the little train is clutching the rails with its teeth."

Greek attitudes to safety may set your own teeth chattering. Carriage doors and windows are flung open to clear diesel fumes and there is no protection against falling out. Everybody holds on for dear life while the train plunges into tunnels and over gorges.

The gradient eases briefly at Zachlorou, the village where passengers can disembark and exchange one form of transport for another: a train for a donkey. The four-legged taxis climb the winding path which ends at the fortress-style monastery of Megaspleion, more than 3,000 ft above the Gulf of Corinth.

A 300-ft cliff forms the back wall of the monastery and houses the entrance to a great cavern where the monks once hid icons and treasure. For a few drachmas visitors may stay overnight and share refectory wine and food with the permanent residents.

Next day, the morning train will take you to Kalavrita, the rutted little town at the end of the line. Kalavrita is a place of painful memories; it was razed by the Germans during the Second World War. The Nazis massacred more than 1,000 inhabitants in reprisal for partisan attacks.

The town has been rebuilt but few survivors still live in the area. One veteran, however, remains at work – or rather prayer – nearby. The old abbot of Aghia Lavra, the monastery near the town, remembers the war but does not discuss it. He prefers instead to show off the treasures and invaluable manuscripts collected by the monks.

Sadly, the abbot now suffers from palsy but that does not prevent him humming a psalm while visitors look at the icons and medieval bibles. The display includes the last will and testament of Pope Gregory V. The prize exhibit, however, is not a relic but a tree. The plane tree in the monastery courtyard is revered as the spot where Bishop Germanos, a fiery cleric, raised the banner of revolution against the Turks in 1821.

Germanos, whose action prompted uprisings around the Peloponnese, began his struggle against the Turks in Dimitsana, his home-village 45 miles south of the monastery.

Dimitsana, a protected architectural site, has not changed much since the bishop left. Farmers still drive their sheep along the narrow streets and householders exchange gossip from overhanging balconies.

Cradled between two mountains, the village lies at the heart of Arcadia, the province described by Virgil as the home of pastoral simplicity and happiness. The name became a byword for rustic bliss after it was used by Sidney for the title of his romance in 1590.

The region is certainly rustic. Shepherds live in primitive teepees at the roadside and cargo is carried by mule. Local accommodation is rough and ready and the Greek tourist board rates most of the village hotels no higher than third-class.

Pastoral simplicity may be intoxicating for itinerant tourists; it is less blissful for the inhabitants. The roads are often impassable in winter, while hot dust blows across the terraced hillsides in summer.

It smells good. Pinewood stoves spread perfumed smoke over the rooftops, though villagers would prefer to burn coal if they could afford it. Some would also prefer fast roads to rutted tracks and fast food rather than *horta*, boiled vegetables served cold in olive oil.

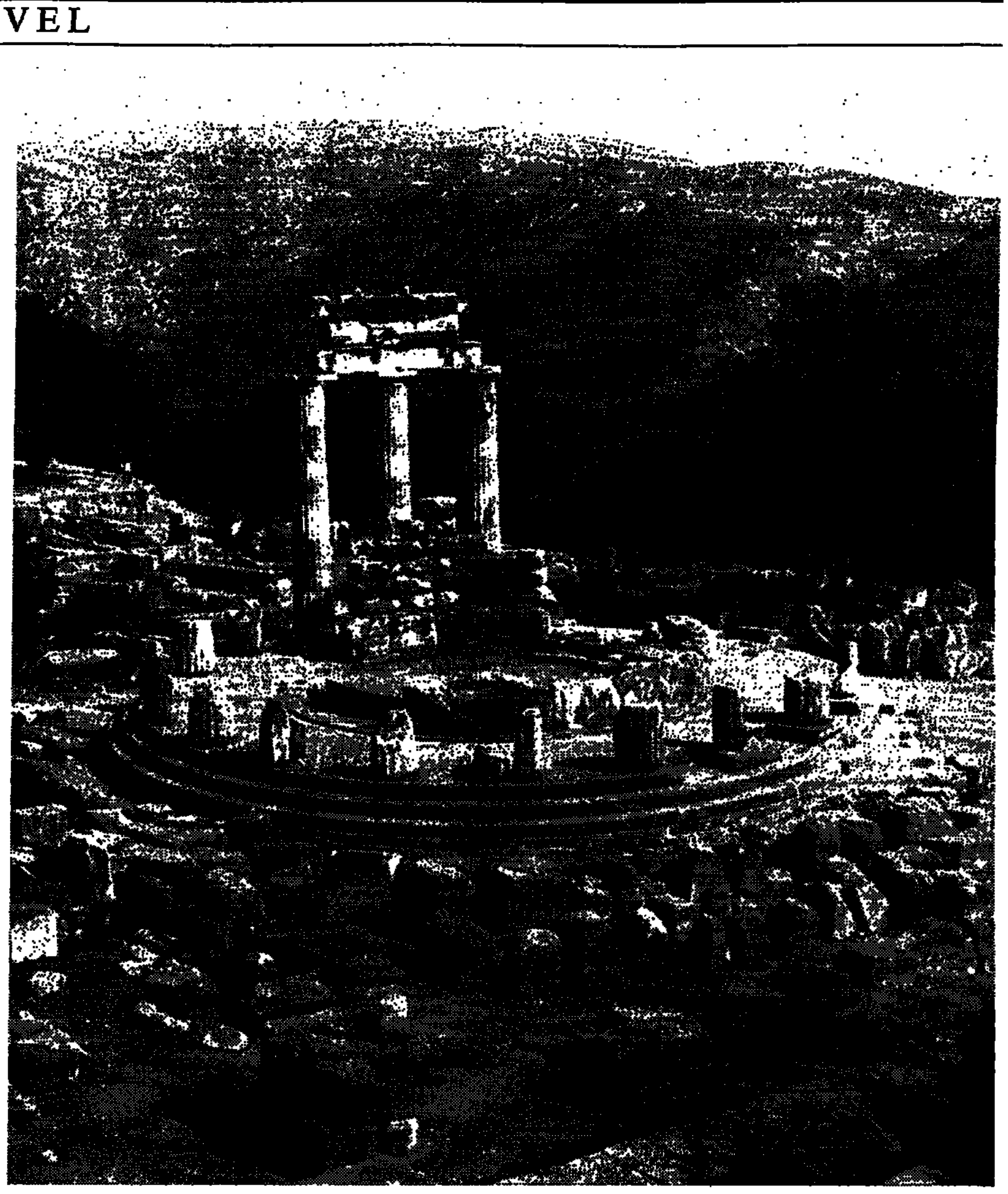
At Langadia, a short way down the mountainside, the locals stare ruefully at the tourist buses heading for better-known areas. The villagers want a slice of the action too. They want some customers for their shops and drinkers in their bars. But Arcadia is relatively empty: there are few ancient theatres or temples; only thick forests and rushing rivers. Hoteliers in Dimitsana and Langadia shrug their shoulders – they know to their cost that ruins make money, spectacular scenery does not.

The neighbouring provinces are rather better off. Olympia, to the west, has a surfeit of old masonry and makes a profit. The remains at Delphi, due north across the Gulf of Corinth, attract a stream of day-trippers, while visitors pour through the Lion Gate at Mycenae to the east. But even these sites and their attendant tourist towns have witnessed a slump in recent months.

Turnover was not helped during the Gulf crisis when Yannis Vassiliades, the public order minister, warned that "Greek terrorism has allied itself with Saddam Hussein and brought the Gulf war to our country." Visitors who defied Vassiliades were rewarded with discount hotel rates and few queues at the museums.

Bookings have surged since the Gulf ceasefire, but there is still more elbow-room than usual on Olympia's running track and Delphi, regarded by Ancient Greeks as the navel of the world, is not too congested.

Neither site, however, has much chance of recovering the untarnished feel they once had. The ruins have sprouted mini-resort villages crammed with gift shops and bars serving instant coffee. There are no such luxuries in the mountain villages of Arcadia. There are no French fries and no Nescafé. You will have to make do with lamb cooked over a cedarwood fire and grey *horiatiko* bread.



The circular Tholos, one of the mysteries of Delphi

INFORMATION

A return rail ticket from Diakofto to Kalavrita costs 240 drachma (about 75p). This allows for a stop at Zachlorou, where visitors visiting the Megaspelion monastery may stay the night.

■ Elsewhere, the cost of accommodation varies greatly from the third class Chris-Paul hotel in Diakofto, charging around Dr 3,000 (£10) a night, to the first class Xenia chain of hotels charging more than Dr 6,000 a night (£20).

■ Car-hire, the best means of seeing the Peloponnese, is available from companies such as Eurodollar and Avis, with prices ranging from Dr 35,000 to Dr 180,000 (£109 to more than £500) a week depending on vehicle model.

■ Coach tours are run for those not prepared to face the challenge of Greek roads. Key Tours (Athens 923-3166) arranges day tours to Delphi, Corinth and Mycenae. The company also offers two-and five-day tours of the region. Prices start at Dr 6,000.

■ Air fares vary according to time of travel. British Airways (London: 081-897-4000) and Olympic Airways (081-846-9080) offer midweek return flights from London to Athens at £229, £656 Club class. The economy fare rises to £237 at weekends. Trailfinders (071-937-5400), the budget ticket agency, undercuts both carriers with a £181 fare on night-time flight.

■ Further information is available from the National Tourist Organisation of Greece, 4 Conduit Street, London W1R 0DJ, tel: 071-734-5997.

Oh, the thrills and spills

***Tim Burt** thinks you should enjoy, not fear, Greek driving*

AMERICAN airmen take no chances in Athens. The US air force runs a special course for officers posted to the Greek capital – "defensive driving". The course involves deft pedal-work and a liberal use of hand signals for these are essential elements of Greek motorsport.

The sport has a long tradition of athleticism and spectacular manoeuvres. And those who fail to compete sometimes pay the ultimate price. The players – or motorists – observe only one rule: drive at maximum speed to your destination avoiding death where possible.

Unwilling to risk any more personnel, the Pentagon has now decided to close its Hellenikon Air Base at Athens airport. Officials, however, blame the decision on defence cuts rather than lethal road conditions.

Britain's Consumers Association is not so diplomatic. It says the chances of dying in a road accident double as soon as you cross the English Channel, and the odds shorten as you approach Athens. But pollution and a growing number of fatalities has forced the city government to take drastic measures.

On alternate working days between dawn and dusk, the city centre is closed to cars with registration numbers ending in one to five; the following day it is closed to those with numbers ending six to zero. But visitors are exempt for 40 days if they are driving cars registered outside the country.

Soaring temperatures and pollution levels last month prompted the government to issue a warning against driving in the city centre, but it stopped short of using emergency powers which allow it to ban the real villains of Greek traffic, the taxis.

Painted a rather jaundiced yellow, the taxis are often difficult to spot emerging out of the rush-hour pall. But the drivers are anxious to please and many of them play jolly bouzouki music while the meter runs. The problems start when they tap the brake pedal in time to the rhythm.

Cabbies indicate their intention to pull across six lanes of traffic with an outstretched arm, palm downwards. Nearby motorists respond with fingers upwards. Traffic tempers ease the further you get from the city but the countryside has its own special hazards.

Truck-drivers are kings on rural routes and almost everyone defers to them. Their tactics reduce the most placid motorists to a frenzy

Truck-drivers are kings on rural routes and almost everyone defers to them. Treating every attempt to overtake as a personal insult, they thrash every ounce of speed from their engines to prevent you passing.

Their strong-arm tactics induce the most placid motorists into a frenzy. After an hour behind a Ford pick-up spewing out fresh manure and oil in equal measure, even a mild-mannered driver will try a passing stunt. It is at this point – with the Ford on one side and a sheer drop on the other – that you may come face to face with one of the biggest hazards in Greece: sheep.

Hitting a piece of mutton at 60mph will wreck a car. If the road is narrow and winding it will probably wreck you too. The chances of surviving a head-on collision in the mountains are remote and the roads are lined with shrines commemorating fatal vehicle-sheep encounters.

The shrines are fashioned into mini chapels complete with candles and flowers. They also have a dual role: the candles are mounted into bright red holders which serve as a warning to other drivers.

The Thebes junction on the Delphi-Elefsis highway has so many shrines it looks like a votive offering. The craters and patches of oil have cost a number of lives.

Drivers approaching the junction need their wits about them. You must change from fourth gear to first, throw the steering wheel to the left and haul up the handbrake. With luck, both off-side wheels will leave the ground and the car should screech round the bend. Motorists unable to complete this manoeuvre risk careering across the Aonion Plain and crashing into a gipsy camp. The gipsies do pretty well out of the junction. At least a dozen cars have arrived unexpectedly outside their tents.

Thebes is just one of the many accident black spots in Greece, a country with one of the highest crash rates in Europe and where every excursion behind the wheel could end in disaster. But holidaymakers should not be deterred – Greek roads are an adventure; the thrills and spills should be enjoyed, not feared.

Motorists are rewarded for their courage with spectacular views of the rugged landscape. A car also brings remote mountain villages and empty beaches within your grasp. You may bundle along at pace, scattering goats with the horn, or amble through the orange and lemon groves looking for a taverna.

Rely, if you can, on a hire car which can be abused rather than your own vehicle. Knowing the state of their roads, Greek rental agencies insist that drivers pay for any damage to the underside of their cars. They also urge clients not to drive for great distances on punctured tyres – apparently a common practice among locals.

Greece is not, however, leaving its roads entirely to the bravado of lawless drivers. An 80km/h speed limit has been imposed and the police can levy on-the-spot fines.

Nervous drivers can avoid most of the dangers by sticking to empty stretches of the Thessanloniki-Athens-Patras motorway. But the new toll road is relatively sanitised – its route is predictable and there are no roadside memorials.

The Automobile and Touring Club of Greece (ELPA) offers advice and information to overseas visitors at Athens Tower, 2-4 Messogion Street, 115 27 Athens, tel: 7791-615.

Travel News

THE FRENCH are getting anxious about a Winter Olympics backlash among British holiday skiers. While pleased to be staging the games in the Tarentaise mountains around Albertville in February, they do not wish to drive ordinary skiers away.

Scaremongers say it will be a nightmare for recreational skiers, with snarled roads, roped-off mountains and inflated prices. Others claim it will not seriously affect holidays, while offering the opportunity to watch an Olympic spectacle. Real optimists predict that some resorts will be emptier than usual, allowing skiers to enjoy smaller classes, less cluttered slopes and shorter lift queues. The truth is likely to be a melange of all three.

Ski Thomson is offering Winter Olympics packages, with pre-bookable tickets to events. A Val d'Isere ticket to the Men's Downhill (February 9) the Combined Slalom (February 11) and the Freestyle Mogul event (February 13) costs £127, including a six-day lift pass.

Lucy Dicker, of Tour Alp in London, said: "We have the accommodation and the prices are not frightening. The skiing will be fine because the French have postponed their school holidays until after the Games, so the slopes should be reasonably empty."

Le Ski, a British chalet specialist operating in Courchevel, is offering a pre-Games tour of the Olympic resorts. Nick Morgan, managing director, believes that because the Games are scattered among so many resorts, pistes will be relatively quiet, but that "accommodation will be scarce because of competitors, officials and press."

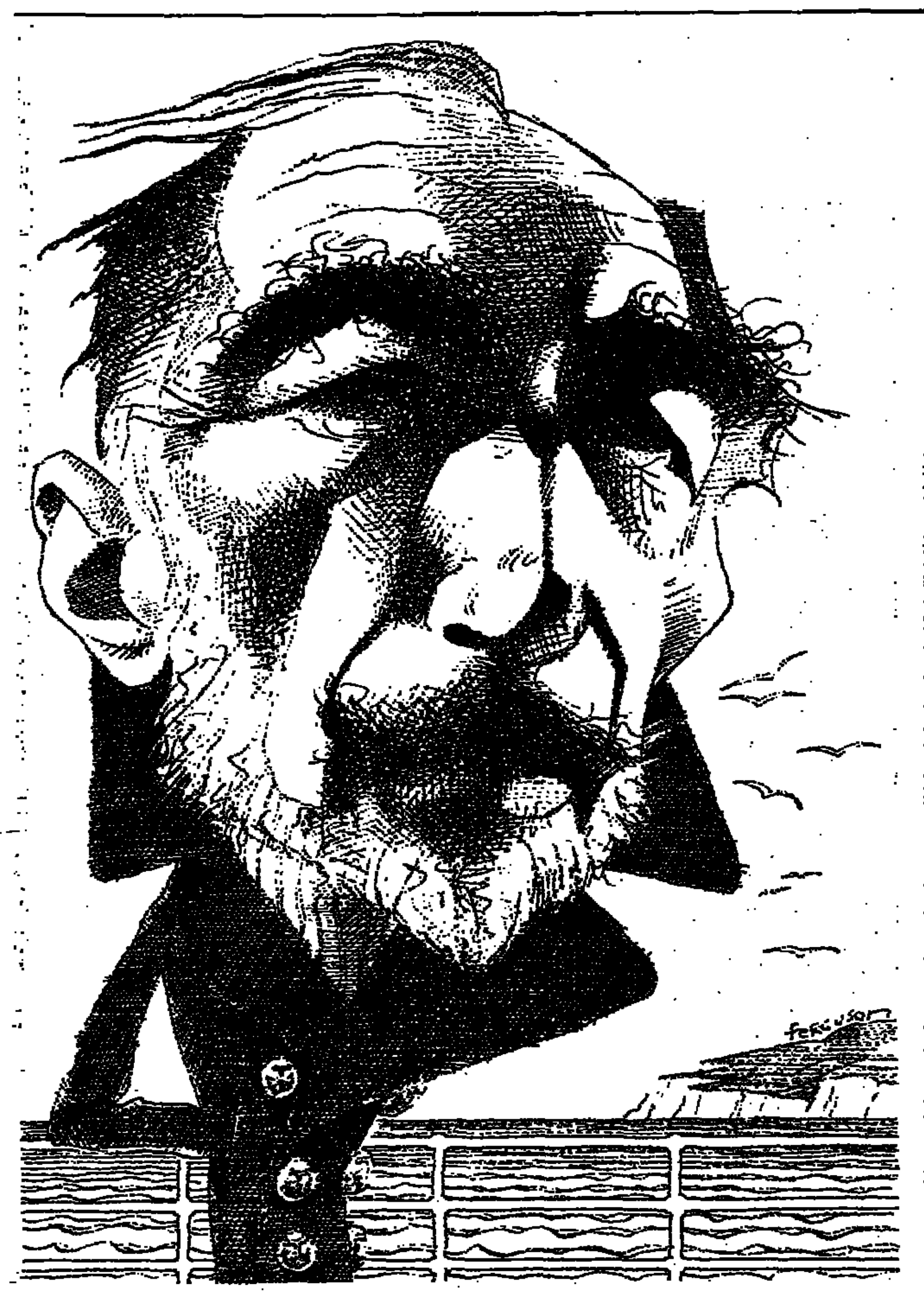
The main route to Albertville – which provides access to the key resorts – has been upgraded, but this week there were still small, unfinished stretches. These should be completed by winter, providing motorway all the way from Calais to Moutiers. For train passengers, the TGV, which now runs direct to Bourg St Maurice, will also cut the journey time to the Games.

For those eager to pep up their ski holiday with a "day at the races," it should be possible with a little planning. The vast Trois Vallees area, for example – stretching from Courchevel to Val Thorens – is big enough to soak up both Olympic events and holiday skiers.

However, there will inevitably be some chaos, some opportunist price inflation, and some accommodation problems. Skiers who have no interest in the Olympics might be well-advised to steer clear.

Arnold Wilson

BOOKS



Moral metaphors fathomed from stories of the deep

***Anthony Curtis** enjoys a no-nonsense biography of Joseph Conrad*

CONRAD WAS a Pole who escaped *from* a Poland enslaved by Russia to serve for 20 years in the British Merchant Navy. Speaking Polish *from birth and fluent in French*, he taught himself English well enough to communicate with his ship-mates and to take the stringent exams *required to qualify as a master*. But after just one command Conrad gave up the sea to settle in England and become a writer. That is the outline of the novelist's life told in this book by the American literary biographer and professor of literature, Jeffrey Meyers.

It has been told several times before, but Meyers, as readers of his previous works on Wyndham Lewis, Hemingway, D.H. Lawrence, will confirm, is an assiduous researcher whose forte is finding liaisons that all previous biographers have neglected. Here he has come up with a love-affair late in life between Conrad and a red-headed American *femme fatale* journalist and war-correspondent, one Jane Anderson. My dear fellow, Conrad, a *mistress*? Surely not!

Yes, asserts Meyers. Jane, 28, whose background in Atlanta Meyers delves into, fascinatingly, was Conrad's last fling. (There weren't any other flings.) She bequeathed more to Rita de Lastaola in *The Arrow of Gold* than earlier commentators realised. "Both Jane and Rita have blue eyes and rust-colored hair..." says Meyers. Rebecca West, who knew Jane and liked her, thought "she was a goodnatured, silly, melodramatic ass...I do not think she knew one belligerent side [during the First World War which she covered from London] from another."

Along with this discovery, Meyers takes an intense dislike to Conrad's over-weight wife Jessie. Yet Jessie, as well as bearing Conrad two sons, Borys and John, *and* putting up with desperate financial straits while he was establishing himself in the London literary world, *and* suffering from a horrible leg-injury which never cleared up, *and* enduring her husband's moody haughty manner in front of guests, *and* accepting his highly unsocial working-hours, behaved with admirable forebearance throughout the entire marriage. Her hoped-for reward – to have ended her days as Lady Conrad – eluded her when Conrad turned down the offer of a knighthood in 1924 from George V.

Did Conrad really give up the sea or did the sea give up him? Meyers who is

JOSEPH CONRAD: A BIOGRAPHY
by Jeffrey Meyers
John Murray £20, 428 pages

good on Conrad's naval period, points out that he became proficient in sail just at the time when steam was taking over. Being a Polish aristocrat at heart, he regarded steam as vulgar and namby-pamby. His views on nautical matters could be explosive. He had the greatest contempt for Melville, for instance, both as a novelist and as a seaman.

Thanks to critics like F.R. Leavis, Conrad's fiction has for many years had an honoured place in the "great tradition" of the modern English novel. Cheap editions of his masterpieces move smartly each year through the paperback warehouses to the bookshops where there is a demand from both ordinary readers and students. Nonetheless, Conrad remains the odd man out in the company of his contemporaries – James, Hardy, Gissing, Wells, Walpole, Bennett – all of whom admired him as a writer.

And, in spite of the influence he has had on later disciples like Graham Greene, in a curious way Conrad remains unassimilated. Apart from his style, Conrad's foreign-ness as an English writer asserts itself in that stifling sense of an overall moral metaphor that envelops the narrative. Many of Conrad's titles underline this effect – *Youth, Chance, Victory, Heart of Darkness, The Rescue* – words resonant with drama, that direct us from the local situation, always so fully realised by Conrad, to the tales' universal implications. He is for ever rubbing the reader's nose in Life. The appalling conditions aboard those old sailing-ships that were *his* life for all those lonely years become in his tales a perpetual metaphor for Life itself.

As Conrad's art matured, the master-metaphors of the titles became ever subtler and more difficult to fathom. Hence, the voluminous interpretation his work has inspired since his death in 1924. In *The Shadow Line* (1916), for example, what exactly does the title mean? Meyers explains both the literal and metaphorical significance. It is the shadowy line formed, when viewed in the distance, by the group of islands around the entrance to the Gulf of Siam. The young skipper in the novel has the long drawn-out problem of sailing his becalmed ship past these. It is also, says Meyers, "that twilight region between the naive self-confidence of youth and the more introspective region of maturity".

This explanation, which no Conradian is likely to dispute, is typical of Meyers's refreshingly no-nonsense approach. He shows how the story was centred on the one occasion when Conrad was in sole charge of a ship: *Otago*, which early in 1888 he was appointed to sail from *Bangkok* to Singapore. The vast amount of critical mileage directed to exploring the further significances of the notion of "the shadow-line" – *whether, for* instance, it also refers to boundaries within the psyche of the captain, and also, more obliquely to the experience of the First World War, as the dedication to his ~~son~~ Borys suggests – is neatly side-stepped, in favour of fastening on those points where the fiction has a verifiable base in fact.

The result is a book which a great many of Conrad's ever-growing band of readers are going to *find a most useful* point of entry into the subject. The biographical context in Conrad's fiction is something of which the novelist himself makes us frequently aware. He treats the reader with the same confessional compulsion that the ancient mariner treated the wedding guest, and it is only natural we should want to know how much of what he is telling us really happened to him. *For this exercise Meyers is our man.*

Meyers reveals the secrets of Conrad's Polish youth, his relations with his patriot father, with his rich uncle who stayed behind in Poland, with Roger Casement with whom Conrad shared lodgings in the Congo, with Galsworthy whom he met at sea, with his swash-buckling Scottish literary friend Cunninghame Graham, with Garnett his editor, with Pinker his agent, and with more obscure acquaintances in England before he became a legend. Even though some of his conclusions may seem a shade speculative, Meyers sends one back to the books with a significantly increased understanding of their many layers of meaning.

Her weapon was eroticism

ALTHOUGH SHE died as recently as 1922, the Sarah Bernhardt *phenomenon is a mystery to us*. She was born in 1844 and had an unprecedentedly long professional career. However, her acting style, her histrionics, *even most of her repertoire*, all *rooted* in the extremes of 19th century romanticism, are more remote from us today than even the world of the darkest Jacobeans.

This indicates that a biographer of Bernhardt needs a sensitive understanding of the complex cross-currents that made up the world – and particularly the Gallic world – *of* Romanticism, *Symbolisme* and *fin de siècle* decadence. Ruth Brandon evinces none at all. This is a biography of the European 19th century's greatest sexual icon penned with the gush of a mildly feminist Joyce Grenfell.

What can you say about the greatest film star of the 19th century who managed to predate the invention of movies? Who lied about, distorted and mythologised everything she ever did? Who was only narrowly dissuaded from having a tiger's tail grafted onto her own spine? Who became "the Muse of the Railroads", endlessly travelling to perform her repertoire in French, even in the most remote parts of the globe? A woman who took lovers by the score, bore a bastard, who often fell into hysterics on stage when the magic did not work, pretending to have fainting fits, coughing fake blood from a bladder hidden in her mouth?

Brandon's simplistic and typically late 20th century response is to portray Sarah as both victim of male oppression and, simultaneously, as free-spirited feminist – thereby conveniently having her cake and eating it. She also attempts a crude psychological reductionism based on suppositions unsupported by anything so humdrum as hard facts. Her vogueish theory is that Bernhardt was sexually abused as a child, had a multiple personality disorder and possessed a death wish. That there is scarcely a scrap of evidence for all this worries the author not a whit. "Anorexia is often a reaction when girls are raped by fellatio, and is connected with self-hatred after incestuous rape", we are solemnly informed. Sarah ate very little – so *voilà*, QED! – child-abuse, evidently.

Moreover, Bernhardt makes a pretty unconvincing proto-feminist totem. From the start she was wholly dependent on powerful men, both financially and psy*chologically, from her mother's* protector de Morny, whose influence first fixed her entry into the Comédie Française, to Jarrett, her money-spinning, sinister, murderer-manager ("I trust in two weapons – honesty and my revolver").

Sarah depended shamelessly on veiled sex appeal throughout her career, driving legions of men to distraction. Anyone who could get D.H. Lawrence in a hopeless

BEING DIVINE: A BIOGRAPHY OF SARAH BERNHARDT
by Ruth Brandon
Secker & Warburg £17.99, 356 pages

lather, pounding on the very theatre doors to be let out, or drive the besotted Pierre Loti to having himself delivered to her dressing room rolled up in an Persian carpet, is going to have a hard time convincing anyone that she she is not trading on the oldest wiles of the female vamp. And frankly, Sarah never even bothered. Her technique was about as feminist as a modern Ms. going for a job dressed only in Janet Réger underwear.

From the start she was clearly after the main chance, using eroticism as her weapon, abandoning the formal, disciplined French classical *stage* for her own company as soon as she could. Worse, in the eyes of the classicists, she took Racine and perverted the great tradition by playing *Phèdre*, for example, in the grand romantic style, with herself as excessive, way-over-the-top diva.

The photographs reveal Sarah as sinuously, astonishingly beautiful, youthful even in her sixties when she played Hamlet and L'Aiglon in *travesti* to ecstatic audiences. Although of Dutch-Jewish background, she cloaked herself in deepest-dyed French patriotic nationalism: one wonders how much of this was defensive insurance taken out during the bitterly anti-Semitic period of the Dreyfus affair. Much of the Frenchness, though, was evi*dently deeply felt, at least as far as culture* went. For many all over the world, Sarah Bernhardt *was* France. Not everyone was convinced by the celebrated acting. Critics *favourable to the rising naturalist Ibsenite* school, such as Bernard Shaw, always hated her – the flamboyant sex appeal can't have helped with Shaw. Always acting, on stage and off, notoriously difficult with directors and managements, custodian of lion cubs and wearer of endless extravagant costumes, *la Bernhardt* cut the template from which a host of subsequent movie stars modelled their image.

A brilliant self-publicist, she did best in that land of the go-getter, the US. "She is too American not to succeed in America," predicted Henry James, and how right he was. Had she slept with all Europe's crowned heads, including the Pope? What was in those famous 42 travelling trunks of hers? Why did she insist on being paid cash in $20 gold coins? America hung on every extravagant rumour and flocked to see her. A group of French cowboys in Wyoming tried to kidnap her for a private show at their ranch: unfortunately they held up the wrong train and missed her.

In spite of Brandon's conviction that Sarah was a liberating role-model for 19th century Frenchwomen, this biography has a barely suppressed 1990's English New Puritan tone to it. You feel that the author is gritting her teeth and grinning through Sarah's endless sexual gallivanting with all those men, men, men. Brandon's attempt to mould Bernhardt into some sort of Anglo-Saxon jolly-hockeysticks Meryl Streep is frankly ludicrous.

Whatever else she might have been, Sarah was nothing as simple as a right-on feminist good egg. Charged with high voltage, crackling sexual danger, as hysterical a *femme fatale* as she was hypnotic, this enigma touched something profound in both the male and female psyches. It would need at least a Sigmund Freud – an avid Bernhardt fan, by the by – to pin down quite what it was.

Robert Carver

Blistering barnacles!

HE IS the star of strip cartoon, musical, TV, film, T-shirt and *8BFr stamp. He has* sold 100 million copies and been translated into 40 languages, from Afrikaans to *Welsh. And now Tintin is the* subject of a major biography.

Tintin, for those of you who, like me, had a childhood *deprived of his adventures*, has since 1929 been a comic strip hero conspicuous for his carroty quiff and his dog, Snowy. First he was an intrepid reporter, then just intrepid, as he travelled all over the world, from tropical seabed to Tibetan mountain, and on one occasion (*Explorers on the Moon*) out of it. His creator, Hergé, gradually gave him a colourful back-up team for his fast and funny adventures: the short-tempered Captain Haddock, the hard-of-hearing Professor Calculus and the bumbling Thomson and Thompson (Dupond and Dupont in the original French), distinguishable only by a single letter and, to the eagle-eyed, by a variation in the cut of the moustache.

To the Thom(p)son twins is now added a triplet: Harry Thompson, BBC Radio 4 producer and author of *Tintin: Hergé and His Creation*. This is a witty and sympathetic book – well designed, too – chronicling in tandem both cartoon and cartoonist. Those who conceive classic yarns for children tend to occupy the eccentric end of the personality spectrum and Hergé was in his way as improbable as anything in the frames of *Cigars of the Pharaoh* or *The Crab with the Golden Claws*.

His real name was Georges Remi but, deciding to save this for the serious works of art that he never in fact produced, he traded under the the name of Hergé (his initials reversed and spoken in a Belgian accent). His father and uncle, twin brothers who sported identical bowler hats and canes as fashion accessories, became the Thom(p)sons. His own brother as a child was to be the inspiration for Tintin, quiff and all, and as an adult became one of the unattractive "heavies." Georges's first girlfriend lives on in the original French text, in the name of the dog.

As for his hero, resourceful, gun-toting, and at home in the most exotic of locations, that was Tintin to a T – but Hergé only in imagination. In fact, the artist was a somewhat retiring man who in 1929 was rather more familiar with southern Brussels than the South Seas. He *had* no personal experience of the Red Indians who featured in the early *Tintin in America*, although during a personal crisis he later camped in the grounds of a Belgian monastery with a monk who was a postal member of the Sioux tribe.

TINTIN: HERGE AND HIS CREATION
Harry Thompson
Hodder & Stoughton £16.95, 232 pages

Tintin took on the Nazis in *Land of the Black Gold* but Hergé's war work consisted initially of requisitioning bicycles from farmers – until an outbreak of boils meant that he had to have a sick note. At the German invasion of Belgium, he escaped to Paris. He soon returned to Brussels, but while others joined the Resistance he remained carefully neutral, drawing apolitical adventures. This was later to lead to unfair charges of collaboration; when briefly imprisoned, he conspicuously failed to free himself with one bound.

The hero of Hergé's first strip had been a lad named Totor, leader of the Cockchaferspatrol, in a magazine entitled *Le Boy Scout*. Tintin, himself a sort of grown-up Scout, began his weekly appearances in the children's supplement to *Le Vingtième Siècle, a Catholic newspaper edited by a man* who kept Mussolini's photograph on his desk and one of whose correspondents later *became the leader of the* Belgian Fascists. It was this writer who sent Herge' a bundle of American comics which used a *device almost unknown to* Continental strips: the speech bubble.

This state-of-the-art cartooning, which replaced the fuddy-duddy arrangement of picture plus text, made *Tintin in the Land of the Soviets* a hit that ran for 16 months. The paper's circulation was at first six, then ten times higher on a Tintin day than on a Tintinless day. The stories were collected into individual books, and from 1946 the boy wonder starred in his own magazine, *Tintin*.

The young reporter brought his creator wealth to rival the riches of *Red Rackham's Treasure*, but he took over Georges's life and ruined his marriage (one of the studio assistants became the second Mrs Remi). Hergé came to hate the little tyrant and at times his hands, thanks to a psychosomatic condition, literally refused to draw the bequiffed character. But before he died in 1983 he had a sort of deathbed reconciliation with "my little son" and he was 42 sketchy pages into the next yarn.

Since then, the francs have continued to roll in from publications and merchandising but details of the Tintin industry are difficult to extract. "This book," states a terse note "has been prepared without the assistance of the Hergé Foundation." As Captain Haddock would say, "Blistering Barnacles! What's the idea?" Sounds like a case for Tintin, Snowy, Professor Calculus and the undynamic duo of Thomson and Thompson.

Jonathan Sale

The member for television

THE ORIGINS of this book are at least as remarkable as the subject. Robert Boothby named Robert Rhodes James as his official biographer without consulting him. Rhodes James, who is a considerable historian, came to think that the appointment was not entirely *serious*.

By the time of Boothby's death in 1986, however, he realised that it was; the historian was entrusted with the very extensive papers. Rhodes James did the decent thing, and went ahead.

Some might *say that he has* overdone it. Nearly 500 pages on a half-forgotten figure who never made it to the top are quite a lot. Certainly that was my view until about one third of the way through. Do we want to hear again the story about the Czech assets which destroyed Boothby's ministerial career, and in which he seems to have been careless rather than *deceitful*? Do we even want to know any more about his long-time affair with Dorothy Macmillan, part of which *has* been recently told in the official Macmillan biography by Alastair Horne, and where anyway *the key letters have* been destroyed?

Yet by the end Rhodes James has done us and his *subject proud. The technique is* to take a broader approach

BOB BOOTHBY: A PORTRAIT
by Robert Rhodes James
Hodder & Stoughton £20, 476 pages

than straight biography. This is also a book about social history and the Conservative Party. Part of the problem with the subject is generational: most of those who remember Boothby now will recall him primarily as a broadcaster. He was one of the first to be on such programmes as *Any Questions?* He always had something to say, regardless of the subject and regardless *of* Party.

Many old Conservatives looked down on him for that, just *as the official Labour* Party looked down on Michael Foot who shared many of the same *programmes. Winston* Churchill dismissed Boothby as "the member for television", and was widely applauded. *But, as Rhodes James remarks*, the Conservative hierarchy should have realised that the advent of television was a *major* political asset: it enabled politicians more easily to reach the electorate.

For Boothby broadcasting was *a means of* extending his own talents to wider audiences. He had always been a populist who could fill any *meeting. He was* as home with ordinary people as with intellectuals. He kept his constituency of East Aberdeen for years, *despite divorce* and the whiff of other scandals.

He spoke for poor fishermen and the unemployed, and it is probably true – as Rhodes James says several times – that he was often more popular in the Labour Party than among the Tories. Clearly he did not always like his own colleagues; he is among the sharpest critics of Churchill on record, no doubt because he expected something more.

Moreover, Boothby's political judgments were frequently right. He warned much earlier than Churchill about what was happening in Germany. He was one of the first to recognise that Anthony Eden had hidden *faults. In the war years,* he realised the coming power of General de Gaulle and once told the dismissive Churchill: "He is in your class, *and that is* where the historians will put him". De Gaulle commented later to another French general: "Votre ami Boothby est intelligent," which was a compliment indeed.

After the war, Boothby was one of the very few politicians in any British party actively to advocate something approaching a federal Europe. He was also in the forefront of the reform of the law relating to homosexuals, yet tended to be labelled as having a vested *interest as a result. In the end*, there was always something to tarnish him.

There will probably never be a Boothby figure in British politics again, nor another Michael Foot nor a Richard Crossman. All of them had access to the popular media and enjoyed it: all could work hard and think when they wanted to. None of them was entirely successful. The country has changed. Rhodes James has written an admirable footnote on the way it was. It may well be the last of its kind.

Malcolm Rutherford

Fiction

Unmistakable voices of the surreal

THE HISPANIC impact on fiction has been enormous. The novel has been altered, widened and turned on its head to such an extent that it is no longer possible to discuss it invariably in the old sense of a narrative with characters, dialogue and recognisable action. Oddest of all is the fact that these changes have not taken place in avant-garde attics among a chosen few, but are widespread, popular, paper-backed, with the innovators' names known around the world: Márquez, Fuentes, Paz, Vargas Llosa, Sábato.

But the most innovative of them all, Juan Goytisolo, is not Latin American, like the rest, but a Spaniard born in Barcelona in the year of the Spanish Republic, therefore aged about five when the Civil War broke out, eight when it ended. Since *The Virtues of the Solitary Bird* is, in a nightmarish way, intensely autobiographical, this matters profoundly, and some of the book's most remarkable passages (it is translated by Helen Lane) are those in which the atmosphere of this war is conjured, in a dreamlike, roundabout way.

It is hard, in a short review, to say just what happens, what the book *is* about, why *it* is rich and important, or what Goytisolo is up to. On the one hand, what he calls its "vertibral structure" is the work of St John of the Cross, in particular his Spiritual Canticle, which is given in full in English. On the other, its overt main imagery comes from a terrifying painting by Felicien Rops of a skeletal figure, just recognisably female, in clogs and a wide-brimmed hat, stalking over a tiny urban landscape, and scattering across it what look like babies but Goytisolo says are dolls. John's Canticle was written as he lay in a minute prison cell in almost total darkness for nine months. Whoever speaks for Goytisolo is in similar torment, delirious, perhaps dying, and drawing on the wealth of Spanish elements he shares with John, particularly from the Moslem world, which, in John's day, was still an active part of Spanish spirituality.

Like John, who was banned by the Inquisition, Goytisolo was banned in Spain (by Franco's regime). He has always been bold, but here he goes further in strangeness and nightmare, in the breadth of his imagery, in his use of ancestral memory and in the sheer power of feeling. Difficult and demanding, he more than repays the effort of reading him.

Honour Thy Father by Leslie Glaister was one of last year's treats, a first novel with an unmistakable voice; it won the Somerset Maugham prize and one of the Betty Trask awards. *Trick or Treat*, her second, is

THE VIRTUES OF THE SOLITARY BIRD
by Juan Goytisolo
Serpent's Tail £8.99, 161 pages

TRICK OR TREAT
by Leslie Glaister
Secker & Warburg £13.99, 184 pages

A DEN OF FOXES
by Stuart Hood
Methuen £13.99, 217 pages

even better. Most writers start with realism, as the easier option, and go on to develop mannerisms and oddities. Here, a not very realistic first one which suggested a ghoulish talent is followed by one with another sort of talent: instead of ghoulishness, it has a moral dimension, greater humanity.

Three adjoining houses in a northern town. In one, huge Olive and puny Arthur, 17 and seven stone respectively, still adoring after 50 years of happy, left-wing free love, their anti-fascist posters still drooping from the walls, their dog, called Kropotkin and their cat called Mao. In the next, pregnant Penny and her brood, Bobby, Buffy, Wolfe and the unborn baby, with unreliable Tom occasionally there after uprooting them from the commune they have lived in all their lives and remember with homesick longing. And in the next, Nell with her mad search for cleanliness and her dirty middle-aged son, a child-molester. Wolfe is the link between them all, plump, innocent, tormented with eczema, teased at school.

The tender use of grotesques, the sense of love and warmth in the most unlikely action, give the story a very appealing quality. Here are lives of dreadful messiness somehow, through love, achieving grace. When everything goes wrong for Nell and ends in violence, it is through lovelessness; whereas Olive and Arthur, and overworked, buffeted Penny, however odd their looks and behaviour, are blessed creatures, touched with a love that goes beyond externals. This mixture of grotesqueness and blessedness reminds me a little of, dare I suggest it, Stanley Spencer.

In *A Den of Foxes*, Stuart Hood returns to the Tuscany of his wartime experience, described in his fine autobiography, *Pebbles in My Skull*. Then, he was on the run, death at his heels in an ancient landscape. Now, fictionally at least, the farmhouse where he lost fighting friends has been transformed by British ex-pats, by a swimming-pool, toplessness, servants, all the trappings of modern Chiantishire.

Back in Scotland, which he knows in his bones, the class structure is fractured, the old ways are going. A keen observer of our recent and present world, its politics, its moral choices, the defeats that underlie progress, Hood should, one feels, have stuck to straight narrative and a steady eye; whereas he has overlaid it with experimental excrescences that detract from what is worth most in the novel; some rather feeble science fiction a century ahead, authorial remarks about the whys and wherefores of his hero's actions, biographical notes for a future grandson, who turns up on another planet. And the two don't marry. Whenever we landed on this other planet, I longed to get back to the den of foxes and the rainy loch.

Isabel Quigly

Tales of abuse, possession and perversion

GAITSKILL puts a distinguishing spin on the wearisome theme of womens' oppression by using two women who were sexually abused in childhood as emblems of the general female plight; contrary to what might be feared, she transforms special pleading into a serious and far-reaching examination of the way in which women are victimised and thus brutalised by a conjunction of masculine dominance and the female conspiracy of silence.

Dorothy Never, the fat one, is severely psychologically damaged as the result of consistent abuse by her father in her early adolescence: she takes refuge in mother-love, food, painful shyness and an addiction to the books and philosophy of the ghastly Anna Granite (a thinly disguised Ayn Rand), whose followers tend to regard Hitler as a sissy. After an abortive non-affair with one of Granite's hangers-on she retreats to the shadows of a night job correcting legal proofs.

She is found by Justine Shade, medical assistant and freelance journalist on a fringe magazine who is, for her own wounded reasons, researching a piece on Granite. She, too, has been abused as a small girl by a doctor friend of the family, and has spent a sweaty adolescence on the nursery slopes of an SM habit. After initial distrust, these two casualties recognise and save each other from their legacy: by a rather too pat *coup de théâtre* Dorothy saves Justine from a murderously sadistic boyfriend and Justine shows Dorothy the error of the Granite ways.

This is not, thank God, tub-thumping feminism, but a sharply witty, often beautifully- (if sometimes overly-) written account of oppression and release. Gaitskill is particularly good on masculine assumptions of superiority and feminine connivance in that deception: Dorothy's father comes home from work and dominates the household by the the rage of his disappointments, Justine's mother brushes aside her daughter's attempt to talk of her abuse. Best of all is her treatment of the power games of the playground and the all-invading seamy sexual obsessiveness of adolescence.

TWO GIRLS, FAT AND THIN
by Mary Gaitskill
Chatto & Windus £13.99, 304 pages

THE DEVIL'S OWN WORK
by Alan Judd
HarperCollins £9.99, 96 pages

SECRET LIVES: THREE NOVELLAS
by Tom Wakefield, Patrick Gale and Francis King
Constable £12.99, 190 pages

Nothing could better illustrate the difference between the expansive, relaxed American mode and the more exact finessing of English writing than turning from Gaitskill to Alan Judd. Dorothy tells Justine, "Evil comes from denying reality" and the next 300 pages are spent redressing the balance. Judd's theme is the primacy of artistic truth: his unnamed narrator believes that "anything that confuses reality and unreality, or that attempts to equate the two, is the devil's own work".

His novella is an almost perfect match of meaning and structure, a beautifully reduced sauce in which the essence of the meaning is distilled. And yet, in itself, it is completely "unrealistic": an *hommage* to Ford Madox Ford, using the narrative structure of *The Good Soldier* to tell a Jamesian ghost story of sinister artistic possession and perversion.

The narrator's friend, Edward, a fairly successful writer, is invited to meet O.M.Tyrrel whose reputation as the doyen of English letters he has destroyed in a review of his last book (based on the Faust theme); he has pointed out that the books are style at the expense of everything, but "about less and less". The narrator and his wife accompany Edward to Cap Ferrat, the meeting takes place, Tyrrel mysteriously dies after passing an Ur-manuscript to Edward – who becomes more and more successful, more and more like Tyrrel. He takes on Tyrrel's apparently ageless mistress and is haunted by ghostly scribbling. He betrays both his talent and his friend: the price is finally paid.

This is far more than pastiche Ford: indeed it could be seen to be an implied critique of Ford whose meretriciousness extended beyond his private into his creative life. Judd's creation is perfect in itself: totally true, totally "real", totally right. And superbly written.

The novellas by Wakefield, Gale and King are also small sad gems: tales of marginalised people, usually gay, by three completely different stylists who are implicitly banging the drum for individuality, compassion and understanding. From Wakefield's fat lady who meets and finds friendship with a lonely gay man on holiday in Tunisia, to Gates's tough career girl who compromises her independence, to King's proud Japanese servant/lover of a barrister dying of AIDS, these tales are subtle, spare, beautifully crafted. Tom Wakefield has a deceptively naive style which hides great emotional perception; Patrick Gale has a fine line in pricking contemporary cultural yuppiedom; and Francis King has never, even in his early novels, been better on cultural and emotional incomprehension.

Mary Hope

JUST OVER ten years ago Lucy Neal and Rose Fenton, fresh from University, visited the *FT* seeking publicity for LIFT, the London International Festival of Theatre they were planning to organise in 1981. It would open the eyes of a navel-gazing, blasé city to the barrier-breaking cultural innovations taking place in Mali, or Mexico, or wherever. Our admiration of their audacity was greater than our confidence in their success.

Daring to win in London

Antony Thorncroft on LIFT, Littlewoods and graduate art

We were wrong. The sixth LIFT is currently presenting 20 productions throughout London, from Riverside Studios in the east to the Three Mills Centre in Bow in the west, the Tricycle Kilburn in the north to the ICA in the south, and Julia Rowntree, who joined Lucy and Rose in 1986 to conjure up funding, has been to the *FT* to seek, and find, support for a LIFT Forum in September in which the organisation will attempt an even greater challenge – the regeneration of London.

The decline of London has joined the political agenda, with the lack of any unifying body or figurehead constantly cited as a factor in its current malaise. Surprisingly LIFT does not imagine it can fulfill that role, but it needs some optimism about London to make its Festival attractive to overseas companies.

Julia Rowntree does not imagine many concrete initiatives will flow from the Forum, to which 130 borough chiefs, senior civil servants, businessmen and academics will be invited; but hopes to help recreate a sense of civic responsibility. "LIFT is the only completely London-wide event" she says. "We operate at the local level, and we have our international bias, so we are aware of the need for people to generate a new sense of London confidence."

Whatever its success, the Forum follows the LIFT tradition of daring to win. On the face of it, a biennial summer Festival which invites avant-garde performance artists from Venezuela or Romania, South Africa or the Soviet Union (all participants of LIFT '91) is hardly likely to have sponsors pounding on the door. British arts funding tends to nurture home-grown artists, and global recession and political turmoil inhibit overseas Governments from launching cultural export drives.

Yet LIFT flourishes. It is not only London's largest arts festival but one of the biggest in the UK, with a budget of around £740,000. The persuasiveness of the management team has unlocked money from the Arts Council to the Foreign Office; two-thirds of the funding comes from subsidy. But LIFT has also pioneered imaginative sponsorship schemes and attracts £88,000 from this source.

The most appealing are the banquets, where a chef is flown in from a potentially attractive export market and companies are invited to entertain guests and soak up the national flavour. The Hungarian bash raised £15,000 and early next year a Japanese meal will be laid on. Naturally the businessmen leave knowing a great deal more about LIFT and donations, or gifts in kind, often follow.

The attraction of LIFT is that it has never grown up. Its faith in innovation, in the weird, in mixed media events, in self-indulgent artists sometimes realising their imaginative dreams, sometimes failing hopelessly, introduces every two years the oddness of abroad into London. Its eloquent trio of organisers has certainly won over the Arts Establishment – this week Rose Fenton and Lucy Neal were shortlisted for the £5,000 Arts Council Award for innovation in the arts and last month Julia Rowntree received ABSA's Garrett Award for her sponsorship coups.

★

David Mellor is proving a better friend to the arts as Principal Secretary of the Treasury than he was during his fleeting appearance as Arts Minister when his hands-on approach threatened to make nonsense of the traditional arms-length principal. His latest good turn is to ensure that £20m of the £60m provided by the pools companies (and the Government) for the new Sports and Arts Foundation will go on arts projects.

The Foundation was a blatant piece of arm twisting by Littlewoods to persuade the Government to go slowly on a National Lottery. Early signs were that most of the cash would go towards nurturing footballers capable of winning the 1998 World Cup, or a British Wimbledon champion.

The key job of director went (without benefit of public advertisement and at an undisclosed salary) to Grattan Endicott, the Littlewoods lobbyist who had concocted the scheme. But when the Foundation opens for business next month Mellor will ensure that the arts get a third of the money.

The arts world, still trying to cope with Lord Palumbo's Arts Foundation (launched in May to raise £20m from private patrons to fund the avant-garde) is only slowly waking up to the existence of yet another Foundation. Arts Minister Tim Renton sees it as a source of heritage funding, shoring up the Tate Gallery and the like, and the Arts Council also favours an institution which favours capital projects, filling the gap caused when it was forced to abandon its housing-the-arts budget.

★

Anyone wanting to buy the next Francis Bacon or David Hockney at bargain prices should pop along to the Business Design Centre at Islington's Angel where for the next three weeks the cream of the nation's art graduates are represented at Fresh Art, a bright new idea which gives the regional art colleges a capital exposure, along with London schools like Chelsea, St Martin's and Camberwell, for their annual graduate shows.

The odds say that at least one genius should be on display but he or she was hard to spot among the performance artists, videos, splashy abstracts, fax art and sculptures. Drawing skills seem to be as out of date as is figurative art generally, and it was the weirdest ideas that made the most impact, like blocks of ice shaped into books in a freezer for £900 from Jayne Herringshaw of Wolverhampton Poly or the pedal car constructed from skip and dump scraps by Christopher Dobrowoiski of Humberside Poly.

Controversial reputations

William Packer reviews Tony Cragg and John Bellany

IT WOULD be wrong, perhaps, to make too much of the similarities, but two artists with shows current in London, the one a sculptor, the other a painter, have certain things in common. Both in their time have been controversial, even difficult. Both entered the 1980s with reputations of sorts, but yet reputations that might have gone either way. Both now stand among the most distinguished British artists of their generation.

At 42 by seven years the younger of the two, Tony Cragg (Lisson Gallery, 67 Lisson Street NW1: until August 3) is if anything the more noted. He was the British representative at Venice in 1988, Turner laureate in 1989, and has been widely toured and collected abroad. In part such *réclame* may be merely the received, self-serving official view of our cultural diplomats, that our current sculpture is what the world wants, but there is more to it than that, for his talent is real enough.

Yet it is quite unreasonable to expect any artist, however talented, to show himself at his peak in every work. Does Cragg himself believe that his every touch is imbued with the deepest significance? Perhaps so, for otherwise why should three lumps of grey tufa stone, rudely carved as low trolleys with sacks upon them and then drilled like sponges, be so prominent? Or again, why should the large rough-worked block of black marble, from which a mortar and pestle and other highly finished shapes emerge, hold centre stage?

The trouble is that such is the investment in time and material – to say nothing of the queue of would-be punters at the door – that everything must be a winner, with no time now for the natural reflection, experiment and private failure which are at the heart of all true development. Yet when things work for Cragg, they work beautifully. He is much the dandy as an artist, disposing the elements he brings together in his sculpture with wit, intelligence and unaffected elegance.

His "Subcommittee", a lurking sculptural presence of brightly rusted steel over 6 feet high, makes something altogether more ambiguous and mysterious of the simple found-image of a rack of rubber stamps. "Manipulations" is a punning image of a hand contrived of what might have been five gas cylinders welded together and splayed across the floor, fingers and thumbs. It has that lightness of wit to be found in the sculpture of Picasso, that would transform the saddle and handlebars of a bike into a bull's head, or a wastepaper basket into the belly of a goat.

'Love Song: Homage to Titian II', 1991, by John Bellany at Fischer Fine Art

John Bellany (Fischer Fine Art, 30 King Street, St James's SW1: until August 2) was not so much at the outset of a brilliant career at the end of 1970s than at what looked all too likely to be the end. He was by then in his way an established figure, having continued through the previous dozen years a determined and conspicuous figurative and symbolic expressionist, obstinate in his isolation in a time when such work was quite out of critical fashion. And while curatorial orthodoxy had not yet, indeed never has, swung entirely his way, the more general critical opinion had shifted and he was beginning to enter into a deserved success. Yet even so, he seemed bent on self-destruction.

These ten years have been for him extraordinary, seeing him saved from the consequences of his alcoholism by transplant surgery, his life similarly repaired by happy remarriage to his first wife, and all the while his work continuing. Yet though it may seem crass, it must be said that his preoccupation with his medical and emotional escape then came between him and the true nature of his work, which had become physically lighter and thinner, but also dangerously sentimental and self-indulgent.

With this show we find Bellany back at his old, full painting strength. The weight of paint on the surface has returned, and with it a surer line and stronger drawing. His mythic figures are still there, the beasts and boats and old men of the sea, but in addition he has now taken on some of the larger themes: Danae, Susannah or Olympia, the great nude subject made personal to his own life as maybe, yet set in conscious homage to Rembrandt and Titian. In his measuring himself thus against the masters, there is also a sense of so much to do, so little time. It is a measure of the man's humility that he should risk the impertinence, in taking the opportunity so remarkably extended to him.

Fine words, fine books

IN THE centre of a rugged landscape stands the tiny silhouette of a man, almost lost amid varying shapes and shades of browns and greens. Towering above him, a huge angelic figure emerges from the vivid blue sky; he is almost certainly an archangel – his mouth opens in annunciation while the gigantic wings stretch the entire width of the landscape, feather tips flowing just off its edge. The angel is raised and, were the work not enclosed in a perspex display case, one could trace the outlines of muscles, hair and feathers.

The angel and its landscape form the cover of a 1931 edition of *The Four Gospels*. It is not what the public would normally think of as a "book-cover", and its creator, British binder Philip Smith, is not altogether surprised. "It is a problem," he admits. "You fall somewhere between craft and art, and I think this is the reason why people don't realise what is going on in contemporary bookbinding: how it has developed and transformed the book as an object."

A similar dilemma afflicts the modern-day scribe. "Mention calligraphy and people tend to think of jam-jar labels," says Pat Russell, Chairman of the Society of Scribes and Illuminators (SSI). These misconceptions are in part what prompted the SSI and the Designer Bookbinders to launch their first joint exhibition, *Fine Words – Fine Books*, currently on display in the crypt of St Paul's Cathedral (until August 31).

Tom Perkins: Quotation from David Jones on Eric Gill's lettering. Incised Belgian limestone, 1990

There are certainly no jam jars here. Instead:stone, slate, and glass engravings, abstract paintings and hangings of words, including examples by German calligrapher Hans-Joachim Burgert, and alphabets and posters by the 75-year-old Estonian Villu Toots. Although the bookbinding side of the exhibition is not so international – only one Dutch and one French bookbinder – – the works are no less impressive, ranging from the tiny *Finger Prayer Book* (measuring just 88 x 28 mm) bound by David Sellars in black calf and dark green goatskin, to Trevor Jones' multi-coloured *The Life and Death of Jenny Wren*.

More to the point, there are examples of collaborative efforts between bookbinders and scribes, such as a collection of American Indian canoe-building techniques written and illustrated by American calligrapher Christopher Calderhead and bound by British binder Jen Lindsay, or the delicate pastel edition of Spenser's *The Prothalamion*, which was inscribed and illustrated by Hazel Dolby and bound by Angela James, current president of Designer Bookbinders. "It seems such an obvious combination," James explains. "Calligraphers have to know basic bookbinding, and those of us who teamed up with a scribe to produce a joint work found that it inspired us to explore new areas of design and technique."

According to exhibition organisers, both calligraphy and bookbinding have experienced a revival of public interest in recent years. In fact, the current exhibition was originally scheduled to appear in the Victoria and Albert Museum five or six years ago, but had to be postponed. Despite the craft's subsequent worldwide rejuvenation, contemporary Britain faces a dearth of expert calligraphy teachers because the subject went out of art-school syllabuses in the 1950s.

British bookbinders have faced similar problems, not least because of international recognition. "At one time collectors interested in the 20th century would only collect French bindings," explains Philip Smith, "because French bindings were considered to be the best. The French were also more prolific, working on a sort of *atelier* system." According to Smith, a large volume such as his binding of *Moby Dick* consumes nearly 500 hours – a fact which would astound some French binders, although many are now following the British method of single-handed production.

Another problem facing bookbinders is the definition of their work: is it craft or is it art? Whatever the definition, both calligraphers and bookbinders agree on one subject: that participation in their respective crafts is growing. The current exhibition is a first step towards overcoming the problem of public awareness of these two crafts. After that, no doubt the number of "activated" participants will be set to increase again.

Jamie Ambrose

The exhibition moves to the Holburne Museum and Crafts Study Centre from September 21 - December 18.

Dramatic days in Avignon

HEINER MULLER is East Germany's leading playwright. While he has written plays with conventional linear plots, like *La Mission*, about the impact of the French Revolution in Haiti, performed at Avignon two years ago, he prefers nowadays to confront an audience with several situations which are exploited simultaneously with no coherent narrative. His style is thus post-modernist, post-Brechtian. His texts are frequently combined with snatches of dance, choral singing, peep show, anything the director may devise to ram home Müller's basic themes of desolation and disorientation.

Productions of several of Müller's plays of this sort, in the open air setting of the Cloister of the Carmelites, is a cardinal feature of the present Avignon Festival. Under the general title of *Le Cas Muller* they are brilliantly performed by artists from Bobigny and other regional centres. The director is Jean Jordheuil, who has translated much of Müller into French, collaborating with Heinz Schwarzinger and Beatrice Perrégaux under *Hamlet Machine*, *Rivage à l'Abandon Materiau-Medē* and *Paysage avec Argonautes*.

These last three performed together are typical of the Müller method. To the right of the stage is a huge mountain of rubble containing a number of corpses. The audience is free to choose for itself in which holocaust they perished. These dead people come to life as a choir during the action where, at the centre of the stage, another group of performers is enacting a version of the legend of Jason and Medea. The role of the abandoned and vengeful wife is taken in turn by various actresses and their tirades mix contemporary speech and obscenities with the Greek legend. It is a fearsome blend of modern feminism and ancient mythology.

At the same time yet another group are expressing male dominance and female submission in terms of some stunning dance routines. As if this were not enough, there are eight musicians, the Trombone Ensemble of France, lined up on the battlements accompanying the action with harsh braying music composed for the performance by Philippe Hersant.

Much of Müller's technique derives form the pre-war German expressionist theatre. This in turn owed a debt to Strindberg. Just how forward looking Strindberg was we can see in a new production by Isabelle Pousseur of *Le Songe* (*The Dream* 1901) in a joint venture between companies from Marseille and Liege, in the *Gymnase Aubanel*. This production is the first part of a double event in which Strindberg's drama is placed in contrast to Adamov's *Si L'été Revenait* – two theatrical journeys both in the form of a dream.

The first of them was impeccably directed. A huge window at the back of the stage was the main focus for the shifting landscapes. When the season changed from spring to autumn it was filled with a vast painted leaf of the appropriate colour. Some of the solemn utterances abut the meaning and existence between the poet (Amid Chakir) and Indra (Christian Crahay) who comes down to earth to investigate human suffering, are too long drawn out for comfort, but the ironies, like that of the stage-door-johnny (Marc Schreiber) who is eternally waiting with a bouquet of roses for his rendezvous with the dancer Victoria, are as effective as ever. Disciplined group movement was the keynote of this thoughtful interpretation of a difficult play.

The late Shakespearean reverie known as *The Tempest* translated into French by Jean-Claude Carrière and directed by Peter Brook, with costumes by Chloe Obolensky performed by a multi racial company of actors, has been moving around Europe since it was first presented in Paris in the autumn of last year. It has now arrived in Avignon for the festival. The chalk quarry at Boulbon which Brook discovered for his last festival production was not available this year; it is being used for an "equestrian opera" performed by the Theatre Zingaro which has been delighting audiences here with bareback riding skills.

Anyway, Brook felt Boulbon was rather too big an auditorium for *The Tempest*. He wanted, he said, something more intimate, and he has found the perfect site, yet another quarry but smaller, entered by a romanesque arch and topped by an ancient parish church, at the charming village of Les Taillades, about 30 kilometres from Avignon. . After the initial stampede for seats has subsided, the relaxed atmosphere is reminiscent of a summer production in the garden of an Oxford college; the difference being that it begins – not ends – around 10.30 pm and the acting is superbly professional. Nothing could be more magical than the evocation of the storm with which the play opens. Ariel (Bakary Sangaré) in a long white robe enters balancing a bamboo pole on his forehead while two African musicians simulate thunder on their instruments. Then the shipwrecked party come on, grasping long staves as they sway back and forth to the heaving water. It is all so simple yet so utterly effective.

Anthony Curtis

Norman Beaton (left) in a scene from 'The Coup'

Alastair Muir

Satirical cross-fire in fantasy revolution

***Claire Armitstead** gives a warm welcome to Mustapha Matura's new play at the Cottesloe*

MUSTAPHA Matura is something of an elder statesman in Britain's black theatre community, though that is not so much a reflection of his age as its youth. Born in Trinidad, he made his mark as a playwright in the early 1970s, since when he has trodden a richly idiosyncratic path which has zigzagged from state-of-the-nation musings to adaptations of Chekhov and Synge.

He arrives, tongue-in-cheek, at the National's Cottesloe Theatre with a fantasy of revolution that puts a bomb under post-colonial idealism. No-one escapes the satirical cross-fire of *The Coup*. At its heart is a deposed Trinidadian president, played with jaunty dignity by Norman Beaton, who enters in an ornate coffin over the heads of the audience and spends much of the evening trying to argue himself back into power, when he is not dodging bullets, playing dead or hallucinating about the colonisation of his island.

He has been couped by his own Sandhurst-trained army using British guns bought with British loan money. He wanted Kalashnikovs, he tells us, but that would have meant Cuban instructors which would have worried the Americans. Early signs that Matura is embarking on an anti-colonial rant are confounded as the fantasy unfurls on an army of murderous officers and mutinous men. Even Lennie James' staunch and sensible corporal sports a Rolex watch from his "business" dealings in the good old days.

The ex-president himself is guilty as charged of womanising and profiteering, but a good and honourable statesman after his fashion, who has held on to concepts of democracy and negotiation when all around him were losing theirs. In this roguish and charming figure Matura captures the paradoxes of Caribbean masculinity, and dares to extrapolate out into the political arena.

His derring-do extends to the structure of a play which, with an all-black cast under the direction of Roger Michell, encompasses a farcical slaughter of conspirators, an archbishop who tut-tuts at the devaluation of the dollar and two cartwheeling nuns whose coffin-side vigil involves an anatomical assessment of the dear departed and the reflection that perhaps in three days "it" will rise again.

The play is not without its awkward moments, notably the early load of instruction about Trinidad's history, and the baffling dream-sequence intrusion of Christopher Columbus. Yet this is a brave and original piece which is not likely to win Matura many friends, but will quite possibly influence people.

Brilliant black blues

***Andrew St George** hails 'Spunk' at the Royal Court*

SPUNK AT The Royal Court is an exhilarating trio of plays transferred from The New York Public Theatre. They are based on short stories by the black American, Zora Neale Hurston; and they make wonderful, compelling theatre.

Hurston's stories are in the Chester Himes and Eudora Welty mould; her best work, *Their Eyes are Watching God* is a classic of black American literature. She wrote powerfully of urban blacks in the 1920s, trapped in their own environment and hating it. Here, George Wolfe's stage adaptations of the stories which make up *Spunk* show something of her range; she is a witty, knowing and humane writer.

The three pieces are all tales of survival "told in the way of the blues." That is the key to the evening. The guitarist, Chic Street Man, and the singer Ann Duquesnay set the tone with some superb delta blues. Their music, Hurston's language, and inspired choreography (Hope Clarke) create a complete world. The shape of each scene is so secure that every line and look counts.

Sweat tells of a laundress whose philandering husband hates her so much he buys a rattlesnake to scare her from home. *Story in Harlem Slang* shows a couple of swanks percolating down Lennox Avenue in search of a pretty woman and a free meal; they meet one, who is far too smart for them: "I'm like the cemetery, I ain't puttin' out, I'm takin' in."

The best of the evening, *The Gilded Six Bits*, is a beautifully constructed short story, with sadness, love, redemption and forgiveness at its heart. It tells of Joe and Missie May; the gentle husband with the young wife who entertains ambition and ends up entertaining Chicago Otis Slemmons in bed. Joe discovers them and fights Slemmons, who drops a gilded quarter. The coin becomes a totem. Missie immediately regrets; but Joe punishes her until her first child, Joe's spitting image, re-establishes his trust in her. He uses the gilded coin to buy candies and makes her search his pockets for them, just as he always used to.

The evening visits some enduring stereotypes. There are the old guys on the porch (like the trio in Spike Lee's *Do The Right Thing*), with their civic virtue melting in the heat of the day; the Harlem dudes forever shaking hands ("Gimme some skin"), too cool to care and too hot to handle, casually propositioning with "What's on the rail for the lizard?"; and the constant couple dressed to the nines for fun on Saturday, church on Sunday. But one also sees characters proud to be themselves, dignified and wittily self-aware.

The acting is uniformly excellent. Kevin Jackson and Danitra Vance as Joe and Missie move so eloquently and speak so naturally that the scenes hardly seemed staged at all. George Wolfe's simple and assured direction never intrudes, and yet makes each play come right like the final chord of the eight-bar blues.

Royal Ballet picks up its feet in New York

NEW YORKERS have a lot of goodwill for the Royal Ballet. The company's reputation here stands for ballet as dance theatre of the best old-fashioned kind, with charming stage deportment, coherent mime and lucid lyrical phrasing. That reputation was established with the company's legendary first appearance at the old Met in 1949 and consolidated through the 1950s and 1960s: golden decades by all accounts. The company's decline, gradual in the 1970s and drastic in the 1980s, was reflected by the fact that after 1976 it stopped making regular visits here. Its 1981 and 1983 seasons had mixed receptions. Now, after eight years away, the Royal has returned to New York, is packing out the Met, has won warm reviews and is winning back much of the old goodwill.

This success has surprised not only those New Yorkers who have not seen the Royal since '83 but also those of us who have. Undoubtedly it reflects on Anthony Dowell, who has now been artistic director for five years. The company opened with his 1987 staging of *Swan Lake*. The first two performances of the central double role of Odette-Odile were danced neither by the company's celebrated guest star Sylvie Guillem, though she is already known here, nor by its senior ballerina, Lesley Collier. Instead, opening night went to young Viviana Durante, who has only been dancing the role for two years; and second night to younger Darcey Bussell, who first danced Odette in 1990. This strategy, which threw attention onto the company as a whole, paid off. The whole company looks young, modest and well-intentioned; its old-fashioned virtues – though they are more old-fashioned than virtuous – look rather refreshing. And Bussell enjoyed a personal triumph which grew with later performances.

What no one can miss is that the Royal is dancing here with the kind of bright confidence it had lost for several seasons. It isn't the great company it used to be, and often it does not look like a classical troupe at all – but it has the resources of spirit and technique to put over the kind of show it wants to present. The male dancers, indeed, have less finesse than they had even in the early 1980s; but they have more force and more self-confidence. Dowell once said that his first object was to restore the corps de ballet to its former glory. It was not till this spring that I felt he had made any progress in achieving this goal; and the corps's performances at the Met have been an important further step up the ladder. Yes, beside the Kirov swan-maidens (or, more to the point, the Royal's until the mid-1970s), these girls look gauche, their line imprecisely focused. But how musically alive they are, as the Kirov's aren't. And they are nearer to that degree of stylistic unanimity when an ensemble becomes transporting to behold.

Bussell, with her phenomenally strong legs and feet, is an Olympian Odette-Odile but by no means yet a moving one; and this is widely agreed here. Though she tells Odette's story, in gesture and dance, with authority, she doesn't take us into her world. Yet I find her so committed, and already so much more varied since her debut performance at Covent Garden, that I already watch her with intense gratitude. The legs and feet are part of the whole picture she creates, as they were not at first. Energy beams through them, and through her entire line; in which respect she is the opposite of Guillem, whose high-in the-sky legwork might seem superficially like Bussell's.

Durante was a poor choice for first-cast Swan Queen. She has never yet cast an unwavering spell in a three-act ballet; and nothing could show more obviously than the famous adagios of *Swan Lake* that, though

*The company is dancing with bright confidence again, says **Alastair Macaulay***

she may dance on the music, she seldom dances in it. Her dancing is full of beautiful features, but she can't stretch out a firm, long lyrical phrase. In the company's triple bill, dancing in Kenneth MacMillan's *Winter Dreams* and, especially, Frederick Ashton's *Scènes de ballet*, she made a far better impression, showing the address, quickness and polish that have brought her to the upper ranks at Covent Garden.

Bussell's Prince, Zoltan Solymosi, was an unknown from Eastern Europe, making his debut with the company – and at once was taken to every heart in the audience. He's tall, warm, handsome and ardent. How he copes with more intricate choreography remains to be discovered next season at Covent Garden, but here already is both expansive power and princely exuberance. The only thing he has in common with Durante's opening-night partner, Bruce Sansom, is that they both seldom force beyond their means. Sansom, as usual, looked clean, correct, but also lightweight. He's prettily boyish; never powerful or virile. Irek Mukhamedov, Anthony Dowell, Bussell and Durante also enjoyed ovations after *Winter Dreams*.

The uncertainty about what today constitutes Royal Ballet style is at its most obvious at principal level. Has any company ever presented two principals more dissimilar than Guillem and the short-limbed and sturdy Collier? Collier belongs to the Royal today the way that Jimmy Connors belongs at Wimbledon: estimable, amiable work, no longer of central importance.

> I have not yet seen performances here of MacMillan's *Manon*, with which the fortnight season draws to a close this Saturday. I went twice to the triple bill – a programme of Ashton's 1948 *Scènes de ballet*, of MacMillan's 1991 *Winter Dreams* and David Bintley's *"Still Life" at the Penguin Café*. To those who care about classical values in choreography, this is a programme that starts sublime and plunges rapidly into the gutter; but the Met audience greeted everything lustily. If the company had had the courage to take Bintley's *Galanteries* to New York, as was originally planned, it would have had less of a hit than with *"Still Life"*. But it would have reassured local connoisseurs that the Royal has not only a past as a classical company but also a future.

Poetry in performance

Closet melodrama versus ghostly breaths

IN SPITE of the warmth of the summer evening there is that slightly chilly atmosphere in the Shakespeare Institute that is often attendant upon high cultural events. About to start is the reading that will form the centrepiece of the 38th Stratford-upon-Avon Poetry Festival – a performance by two poets who, we are told, refuse to describe themselves as contemporary, Donald Davie and C.H. Sisson, elder statesmen of English poetry.

Up on the dais, poet and critic Donald Davie looks uneasily cramped into his chair – as if, at any moment, he might blow out his chest and reduce the thing to matchsticks. Davie is a man of fierce moral certitudes and, like Helmut Schmidt, his commanding physical presence seems to emphasise that fact. He is tall and barrel chested, with a large, wide, jowly face. His high arching eyebrows lend a hint of menace to the eyes – almost as ifhad things turned out differently, he might have played alongside Chaplin as the evil tormentor in *The Gold Rush*.

When he begins to read, the range and the power of his south Yorkshire voice – the accent is still very strong in spite of the fact that he has spent much of lis life teaching in America – are extraordinary. It is a rasping, gravelly, rough-hewn instrument; sharp and chiselling; strong and pugnacious; equal to the most ferocious rhetoric – and the most gentle persuasion.

Davie's reading is almost closet melodrama, so pointed and carefully exaggerated are his emphases – the speeding up and the slowing down of individual lines; the painful narrowing of the eyes; the shrugs of the shoulders, the circling of the hands in the air. At one moment the voice is dragging its mournful baritone along the ground; and, at the next, it flies up to a much higher register, sounding as light as air. He is not averse to blustering, glowering, casting his eyes up heavenward; or to peering straight at us balefully, letting every shade of a poem's mood – contempt, indifference, disapproval, nonchalance – be read in his face.

Davie was raised a Baptist in Barnsley, and much of his reading consists of poems from – or related to – his most recent collection, *To Scorch or Freeze*, in which he reworks some of the Psalms of David, asking probing questions about the nature – and even the possibility of – religious faith in the modern age. It is a kind of marvellous spiritual wrestling match that we see re-enacted before our eyes.

Sharing the evening with Donald Davie is C.H. Sisson, another senior citizen of English poetry. Sisson, a Somersetshire man, is not temperamentally disposed to stamping his presence upon an audience – in spite of the fact that the subject matter of much of his work is of a deeply pessimistic cast that might appeal to a pugnacious, sarcastic, finger-pointing reader. But no. Sisson reads quickly and quietly, in his countryman's camouflage of pale green jacket, brown woollen tie and well-stuffed shoes. The voice is indistinct, frail, almost ghostly. It loses strength as each breath gives out. The words come and go, fading in and out.

He reminds us that the past is never as far away as it seems. We fear, however, that he might be having problems with the present – at least as far as this audience is concerned. Being a former senior civil servant, there is not much mobility in the face, the lips. The voice, unlike Davie's, does not have many colours. It does not push itself forward. His teeth rarely put in an appearance.

He castigates the follies of mankind in a ramshackle, careless, uncommitted way – as if this business of reading aloud is wearisome one indeed; poems spoken in such a voice are merely gentle postscripts to his own life. And even before he has finished reading the last line of the last poem, "The Vigil and Ode for St George's Day", he has swept his book off the lectern and looked up at us.

Meanwhile, Davie sits pent behind him, a bulldog ever ripe for retaliation ...

Michael Glover

Radio

In search of Utopia

YOU MIGHT think that *Europhile* meant "fond of Europe", but not if you heard it on Radio 4 last weekend. First, a view of Athens, with its "decaying" sculptures on the Acropolis, its manifold strikes, its Liverpudlian shortage of rubbish-collectors. But there is a new mayor. He is to restore the beauties as they were "in ancient times" – if he has more funds, more powers, more public support. Meanwhile motor exhausts will continue to destroy these cultures, as everyone was saying last time I was in Athens some 10 years ago.

Then came Spain, where the noise in the cities was intolerable even by southern European standards. It was not only the traffic and the music but the endless shouting of neighbours one to another, "part of the joy of life". And there was Poland, where Aids was regarded as something like blasphemy. As part of the Community, teaching them all how to live, we should get more and more Europhiles.

By chance, the *Europhile* repeat on Sunday was followed by the third of Brian Redhead's series *Against the State*. It concerned Utopia – not the ideal state but the formula for one invented by Sir Thomas More, not at all the same thing. More wanted total equality, no money, education for all, even women. Utopianism was popular then, even more so later. The millenarians were so sure of their impending 1,000-year paradise that they expected their King Charles to be succeeded by King Jesus. A very good series, this.

Radio 3 was Russophile this week, though the millennium there only lasted 70 years. Prokofiev's opera *War and Peace* was properly appreciated by Ronald Crichton in Monday's paper; and two short plays concluded a series called *Silenced by the Soviets*. *Anna and Maria*, by Richard Crane, was about the poets Akhmatova and Tsvetayeva, silenced in different ways. Akhmatova (Geraldine McEwan) was published until 1923 but went politically out of favour until Khrushchev's day. Tsvetayeva (Anna Massey) was also published, but she married a Tsarist officer and emigrated to Prague and Paris. She returned to Russia in 1939, homesick, yet hanged herself in 1941. Crane has dramatised their single meeting mingling their verse into their dialogue. A romantic piece but with little to say.

On Tuesday, *A Glass of Water* by Ludmilla Petrushevskaya (translated and introduced by Stephen Mulrine) presented an unhappy old woman (Diana Olsson, excellent), recounting her marital miseries to a younger woman. All her past stays on in her current life, and the author offers no way out. I thought of Arbuzov, whom we admired a decade ago – strong situation, no development. The Soviet didn't silence Petrushevskaya; her work has been widely played and is now being published.

Hubert Gregg's evergreen *Thanks for the Memory* sums up the Radio 2 attitude – recall what you once enjoyed. So where better to mark the 150th anniversary of *Punch*? I worked for *Punch* for some years, but the stars of that time were superseded by a new lot, like Miles Kington and Alan Coren, now making their impact elsewhere. I liked to think I once helped them when I picked them from the 50-odd unsolicited contributions per day that I read, and passed them to the deputy editor, Humphry Ellis. I found some nostalgia in this programme, though its account of the table lunches was unlike anything I experienced;and reading captions to cartoons was meaningless without the drawings.

Investigator Stephen J. Blackburn on Radio 4's Thursdays has been replaced by a new investigator, P.C. Martin Quin (Mick Ford), one of the early police thought up by Sir Robert Peel in 1829. He has a mate in the Bow Street Runners, so we learn a bit about the rival security methods. The period, 1830, is excitingly drawn by Patrick Carroll in *Peelers*, and his first instalment already promises both romance and murder.

B.A. Young

Chess No 882:
1 Kf2! Resigns. If Bxe4 2 f7 Kxf7 3 Nd6+ and 4 Nxe4 wins, while otherwise White traps the bishop by 2 Ng8.

TELEVISION

SATURDAY

BBC1

6.40 Open University. 7.30 Pinocchio. 7.50 Kissyfur. 8.15 The 8.15 from Manchester. 11.00 Betty Boop Triple Bill.

11.20 Film: Camel Boy. Animated adventure story.
12.27 Weather.
12.30 Grandstand introduced by Steve Rider. Including 12.35 Golf from Royal Birkdale: Coverage of the third round with commentators Peter Alliss and Bruce Critchley. 12.55 News. 1.00 Golf: Further coverage. 1.55 Racing from Newbury: The July Handicap Stakes. 2.05 Golf: More from Royal Birkdale. 2.30 Racing: The Mtoto Donington Castle Stakes. 2.40 Golf: Further coverage. 3.05 Racing: The Newbury Sales Super Sprint Trophy. 3.15 Golf: Further coverage. Times subject to change.
5.05 News and Weather.
5.15 Regional News and Sport.
5.20 The Royal Tournament. The Queen, accompanied by The Duke of Edinburgh, attends the Armed Forces' annual military pageant at Earl's Court.
6.30 Roy's Raiders.
7.00 Lee Dennis Laughter Show.
7.30 Columbo.
8.45 One Foot in the Grave. When an elderly blind man, befriended by Margaret, meets with a violent death, the finger of suspicion is pointed at Victor by his next-door neighbour.
9.15 News, Sport and Weather.
9.35 Casualty. Dr Beth Ramanee is confronted by two difficult cases which severely test her medical and counselling skills. Meanwhile, Duffy is still having a hard time trying to balance her nursing career with the demands of being a single parent.
10.25 Paramount City including Tommy Cockles, Curtis and Ishmael,Steve Cougan, Hattie Hayridge and Jesus Jones.
11.05 Film: Hotline. A young telephonist is plagued by a murderer offering her clues about his past killings. While solving these she finds that she is to be his next victim. Premiere starring Lynda Carter and Steve Forrest (1982).
12.35 Charlie Daniels' Homecoming. Concert from Nashville, featuring Charlie Daniels, Dwight Yoakam, John Schneider,the Judds, Dobie Gray, Pat Boone and Carl Perkins.
1.20 Weather.
1.25 Close.

BBC2

6.50 Open University.

2.45 Mahabharat. (English subtitles).
3.25 Animation Now.
3.35 Film: The Left Hand of God. An American pilot disguises himself as a Catholic priest to escape a warlord in China during 1947. Thriller starring Humphrey Bogart, Gene Tierney, Lee J. Cobb and Agnes Moorehead. Directed by Edward Dmytryk (1955).
5.00 Open Golf. The third round of the 120th Open from Royal Birkdale, introduced by Steve Rider.
7.05 News and Sport; Weather.
7.20 Denis Mitchell. New series. Looking at the life and career of the late Denis Mitchell, the father of documentaries, pioneer of the fly-on-the-wall, telé-verité style. A retrospective look at his career narrated by Sir Denis Forman, is followed by the first film of the season, one of Mitchell's earliest, Morning in the Streets, which is an attempt to capture an impression of life in the back streets of an industrial city.
8.20 Bringing It all Back Home. Exploration of the wealth of Irish harp music.
9.15 Alan Clarke Season. Contact. To the army, Northern Ireland's southern border is known as 'bandit country'. This is the story of the soldiers who patrol this dangerous region.
10.20 Video Diaries. Intimate and often funny account of the day-to-day life of disabled civil rights campaigner Steve Cribb.
11.10 Open Golf. Highlights introduced by Steve Rider from Royal Birkdale.
11.50 Film: No Way to Treat a Lady. A strangler is on the loose in New York using outrageous disguises. Rod Steiger stars (with Lee Remick), playing the twisted murderer in this macabre comedy. This film is being shown as a tribute to Lee Remick who died earlier this month. Also featuring George Segal and Eileen Heckart (1968).
1.40 Close.

LWT

6.00 TV-am. 9.25 Ghost Train. 11.30 A Beetle Called Derek. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 World Sport Special.
1.40 International Rugby Union. England v Fiji.
2.35 Film: Panic in Bangkok for Agent OSS 117. French/Italian espionage with English dialogue. A CIA agent undertakes a mission in the Far East where mysterious outbreaks of a plague are puzzling almost everyone. Starring Kerwin Matthews (1964).
4.40 Cartoon Time.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 MacGyver.
6.15 Bob's Your Uncle.
7.00 The Two of Us. Ashley and Elaine finally decide to tie the knot, but as usual, things don't quite go to plan.
7.45 Agatha Christie's Poirot. While Insp Japp is concerned with a daring jewel robbery, Poirot and Hastings are summoned to a mysterious meeting with a lady determined to preserve her anonymity. With guest stars Frances Barber and Pauline Moran. Last in series.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Film: Quincy: Go Fight City Hall to the Death. The autopsy of a rape victim shows that she was overpowered by someone of great strength. When her boss is murdered too, Quincy begins to smell conspiracy, but has trouble proving it. Starring Jack Klugman and Lynette Mettey (1976).
10.25 Richard Digance. New series. The comedian, singer and poet is back with a selection of comic sketches, where everyday subjects are given the Digance treatment. Special guest is Suzi Quatro.
10.55 Spitting Back.
11.25 Film: Ordinary People. A family has to come to terms with life after their eldest son is drowned in a sailing accident. Starring Donald Sutherland and Mary Tyler Moore (1980); ITN News Headlines.
1.45 Bhangra Beat.
2.15 BMX Champs.; ITN News Headlines.
3.15 Wrestling.
4.15 The Hit Man and Her

CHANNEL4

6.00 Early Morning. 9.25 Sing and Swing. 9.30 A Century of Childhood. 10.00 Check Out '91. 10.30 Wagon Train. 11.30 Australian Rules Football. 12.30 pm The Munsters.

1.00 Film: Walk, Don't Run. Cary Grant stars as an English industrialist who plays Cupid to a young couple in overcrowded Tokyo during the 1964 Olympic Games. Also starring Samantha Eggar and Jim Hutton (1966).
3.10 Channel 4 Racing from Newmarket. Including the 3.15 Food Brokers Plax Stakes, 3.45 Primula Maiden Stakes, 4.15 Food Brokers Trophy (Ltd H'cap) and the 4.45 Food Brokers - Fisherman's Friend Handicap Stakes. With commentary by Graham Goode.
5.10 Brookside.
6.30 Tour de France 1991. Stage 14 (171 km), St Gaudens to Castres. The tour heads towards Provence and the Alps.
7.00 The World This Week.
8.00 Kingdoms of the East: The Leopard That Changed its Spots. Andrew Sachs tells the story of Billy Arjan Singh who devotes his time to rearing big cats. One of his successes was Harriet, who lived with him for three years before returning to the wild to have cubs. Arjan thought he had seen the last of her, but he reckoned without Harriet's love of home - his home.
9.00 Film: The Lovers. Tale of a wife who begins a sensual romance with an overnight guest. Starring Jeanne Moreau and Alain Cuny (1958).
10.45 The Oprah Winfrey Show. Father and Child Reunion.
11.35 The Dunera Boys. Australian drama following a group of German and Austrian emigrants and refugees in Britain at the beginning of World War Two. Viewed as enemy aliens, they were rounded up and interned before being shipped out on the HMS Dunera to a prison camp in the Australian Outback. Starring Warren Mitchell and Bob Hoskins.
1.25 Tour de France 1991.
1.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.10 Reebok National Aerobic Championships. 2.35 New Candid Camera. 4.50 Cartoon Time. 5.05 Anglia News and Sport 5.15 The A-Team. 11.25 World Student Games.

BORDER: 1.05 Border News. 1.10 CU4. 2.35 Spectacular World of Guinness Records. 3.00 Scott of the Antarctic. 5.05 Border News 5.15 The A-Team. 11.35 Outland.

CENTRAL: 1.05 Central News 2.35 The World of Suzie Wong. 5.05 Central News 5.15 The A-Team. 11.25 The Gauntlet.

CHANNEL: 1.05 Diary Dates. 1.10 Motorsport Special. 2.35 The Life and Times of Grizzly Adams. 3.30 Tiger By the Tail. 5.05 Channel News. 5.15 The A-Team. 11.25 Ordinary People.

GRAMPIAN: 1.05 Grampian Headlines 1.10 Sealll 2.35 Coronation Street. 3.30 Information Received. (1962) 5.05 Grampian Headlines. 5.10 Criomagan. 5.15 The A-Team. 11.25 The Black Windmill starring Michael Caine and Donald Pleasence (1974).

GRANADA: 1.05 Granada News 1.10 The Spectacular World of Guinness Records. 1.40 International Rugby Union. 2.35 Hard Time on Planet Earth. 3.30 Tiger of the Seven Seas. (1962) 5.05 Granada News. 5.15 Cartoon. 5.25 The A-Team. 11.30 Shaka Zulu.

HTV: 1.05 HTV News. 2.35 The Life and Times of Grizzly Adams. 3.30 Reebok National Aerobic Championships. 4.00 German Touring Car Championships. 5.05 HTV News. 5.15 The A-Team. 11.25 The Fighter. (1982)

SCOTTISH: 1.05 Scotland Today. 1.10 Sealll 2.35 The Munsters Today. 3.05 Holiday for Lovers. (1959) 5.05 Scotland Today and Scottish Weather. 5.15 The A-Team. 9.00 Scottish Weather. 11.25 The Two Mrs Grenvilles.

TSW: 1.05 TSW News and Weather. 1.10 The South West Week. 2.35 The World Cup Triathlon. 3.35 Once A Hero. (1987) 5.05 TSW News and Weather. 5.10 Gus Honeybun's Magic Birthdays. 9.00 TSW Weather. 11.25 Wait Until Dark. (1967)

TVS: 1.05 TVS News and Weather. 1.10 Motorsport Special. 1.40 International Rugby Union. 2.35 The Life and Times of Grizzly Adams. 3.30 Tiger By the Tail. 5.05 TVS News and Weather. 5.15 The A-Team. 11.25 Ordinary People starring Timothy Hutton (1980).

TYNE TEES: 1.05 Regional News. 2.35 Horse Trials. 3.35 The World Cup Triathlon. 4.35 Who's the Boss? 5.05 Northern Life. 5.15 The A-Team. 11.25 Connecting Rooms starring Bette Davis (1969).

ULSTER: 1.05 Ulster Newstime 1.10 The Munsters Today. 2.40 Wrestling. 3.40 Asterix and Cleopatra. (1968) 5.05 Ulster Newstime 5.15 Highway To Heaven. 9.00 Ulster Newstime 11.25 House of the Long Shadows. (1983)

YORKSHIRE: 1.05 Calendar News and Weather. 1.10 Soccer in the Seventies. 2.35 Satan Never Sleeps. (1962) 5.05 Calendar News and Weather. 5.15 The A-Team. 11.25 World Student Games.

SUNDAY

BBC1

6.45 Open University. 8.50 Interval. 8.55 Playdays. 9.15 Movable Feasts. 9.30 This is the Day. 10.00 Film: Anna and the King of Siam.

12.05 Sign Extra. QED: The Boy Who Draws Buildings. Stephen Wiltshire is an autistic boy with an exceptional ability for architectural drawings. With sign-language and subtitles.
12.30 Country File.
12.55 Weather for Farmers.
1.00 News; Speaking Volumes. New series. Crime novelist PD James and guests take a look at what's on offer in the literary world, and Jilly Cooper discusses her passion for writing.
1.45 Betty Boop Double Bill.
2.00 EastEnders.
3.00 Dallas.
3.45 The Flintstones.
4.10 Clothes Show Classics.
4.45 Safari UK: The Living Isles. Julian Pettifer reveals how, following the Ice Age, life returned to Britain's rivers and lakes.
5.25 The 1991 International Air Tattoo from RAF Fairford, Gloucestershire.
6.15 Lifeline. Michael Elphick appeals on behalf of the Crypt Foundation, and Cliff Michelmore and Lynette Lithgow have the latest charity news.
6.25 News and Weather.
6.40 Titchmarsh's Travels.
7.15 Butterflies.
7.45 Around the World in 80 Days.
8.35 For Those I Loved. New series. The first of this three-part drama finds wealthy businessman Martin Gray returning to the South of France, looking forward to a summer with his family. But tragedy strikes, and brings back memories of his life in the Warsaw Ghetto and the Nazi extermination camp at Treblinka. Starring Michael York.
10.15 News and Weather.
10.30 Heart of the Matter. Joan Bakewell asks whether the world's oldest profession should be treated as a business like any other. Lindi St Clair believes it should and has even received support from the Church, but, for many others, prostitution is considered immoral. Last in series.
11.05 The Days and Nights of Molly Dodd.
11.30 When in Germany.
12.00 Mahabharat. (English subtitles).
12.40 Weather.
12.45 Close.

BBC2

8.35 Open University. 12.00 Around Westminster. 12.30 pm Scrutiny. 1.00 Open University.

1.25 Sunday Grandstand. Live coverage of the final round of the 120th Open Championship from Royal Birkdale, introduced by Steve Rider. The Silver Claret Jug and a cheque for £90,000 await the winner.
6.30 One Man and His Dog. The ideal setting of Bassenthwaite Lake in Cumbria is the location for the Irish shepherds and their dogs. Introduced by Phil Drabble, with former trialist Ray Ollerenshaw.
7.15 Kingdom of the Ice Bear: The Land of Beyond. For just eight weeks the frozen land of the Arctic warms to the midnight sun, and lush vegetation attracts a surprising variety of animals to use the area as their breeding grounds. Hywel Bennett narrates the story of the changing seasons and the effect they have on the wildlife.
8.10 The Redemption Song. Stuart Hall visits Martinique, a part of the Caribbean that has been French longer than Calais has.
9.00 In My Defence. An Exercise of Conscience. Robert Stephens portrays Sir Roger Casement, the legendary figure of the Irish National Movement imprisoned in 1916 for providing arms for a rebellion. His trial was famous for his refusal to recognise the court.
9.30 Open Golf. Steve Rider introduces highlights of the final round of the 120th Open Championship from Royal Birkdale.
10.15 Film: The Duellists. During a lull in the Napoleonic conflicts, two Hussars become engaged in a series of duels of honour, that will, despite interventions, continue for many years. Starring Keith Carradine, Albert Finney, Edward Fox, Robert Stephens and Harvey Keitel (1977).
11.55 Film: Cape Fear. When sadistic sex offender Max Cady is released from jail, he seeks revenge on the man he blames for his conviction, lawyer Sam Bowden. Starring Gregory Peck and Robert Mitchum with Polly Bergen and Martin Balsam (1962).
1.45 Close.

LWT

6.00 TV-am. 9.25 Cinderella. 10.45 Link. 11.00 Morning Worship. 12.00 Heartland. 12.25 pm Way of the Lakes. 12.55 LWT News.

1.00 ITN News; Weather.
1.10 International Rugby Union. Highlights of Australia v Wales from Brisbane.
2.05 Film: Bhowani Junction. Ava Gardner stars in this melodrama following the life of an Anglo-Indian girl during the last years of British rule in India. Also starring Stewart Granger (1956).
4.05 Film: A Place to Go. A young man becomes disillusioned with his life in London, which leads to him becoming involved with a local gang of thieves. Starring Mike Sarne and Rita Tushingham (1963).
5.45 Cartoon Time.
6.00 City Safari. The Blitz and the Butterfly Bush tells of the way wildlife colonised the bomb-sites of the Blitz and begins an exploration of London's fascinating wasteland species.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Castle's Abroad. Roy Castle discovers the desirable Provence region of France and the gypsies who visit annually for their own special pilgrimage.
7.15 Watching.
7.45 Great Expectations. New series. Adapted from the novel by Charles Dickens. Starring Anthony Hopkins and Anthony Calf.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Chimera.
10.05 The Dame Edna Experience.
10.55 Sex Now. New series. Has the sexual revolution of the Sixties had a lasting impact, or is the fear of Aids ushering a return to a traditional attitude towards sex?
11.25 The River Thames. Discovering how trade on the Thames gave rise to London.
11.55 World Student Games Highlights XVI Universiade from Sheffield. Action from the international events including athletics: the marathon, and swimming: the finals of both men's and women's 100m freestyle and 200m individual medley; ITN News Headlines.
12.55 The ITV Chart Show.
1.55 New Music.
2.55 Pick of the Week.
3.20 Film: Black Torment. Starring John Turner and Heather Sears.
5.00 The Magic Wok.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. 10.45 Dennis. 11.00 The Beverly Hillbillies. 11.30 The Lone Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea. Capt Crane is being hunted in Venice by both enemy agents and the police who believe that he may be involved in a murder.
2.00 Film: For Me and My Gal. Just before World War One, a showgirl has to choose between two partners. Musical romance starring Judy Garland and Gene Kelly (1942).
3.55 The Best of For Love or Money. The final programme of updated highlights looks at the countless magazine advertisements which offer 'limited edition' prints for sale, and also tries to predict which of today's everyday objects will become the sought-after antiques of tomorrow.
4.25 Pursuit of Power. Talking to Kenneth Clarke MP, Secretary of State for Education.
4.55 News Summary and Weather.
5.00 Family Pride.
5.30 Tour de France 1991. Stage 15 (233.5km), Albi to Ales. The race moves into another long stage, but by way of relief there are only a few hills and no mountains.
6.30 The Cosby Show.
7.00 Fragile Earth. Fish farming has brought prosperity to the Highlands and Islands of Scotland. But the side effects of intensive farming have caused ecological damage to lochs and rivers, and the fish themselves.
8.00 Time Signs. Looking at the final and earliest chapters of Wolf Valley's history.
8.30 A Sense of Belonging. The final programme of the series follows the spiritual wanderings of seven Jews as they leave their childhood gods behind and set off on their personal journeys through the desert.
9.30 Go Fishing. John Wilson fishes the Northern waters of Canada for Arctic grayling and North American Lake Trout.
10.00 GBH.
11.30 The Street.
12.00 Fathers and Sons.
2.35 Tour de France 1991.
3.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Farming Diary. 12.55 Anglia News. 2.05 Members Only. 2.30 The Spectacular World of Guinness Records. 2.55 A Song is Born. 5.05 Highway to Heaven. 6.00 Heirloom. 6.35 Anglia News. 11.25 World Student Games.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.05 Cartoon Time. 2.15 Heidi. 2.45 McCloud. 4.35 Great British Isles. 5.05 Family Theatre. 6.00 The River Thames. 11.25 Prisoner: Cell Block H.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.05 International Sportsworld. 3.10 The Theft of the Mona Lisa. 5.05 Hard Time on Planet Earth. 6.00 Wheel of Fortune. 6.35 Central News.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 2.05 An Englishman's Home. 2.55 The Scarlet and the Black. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 Channel News. 11.25 The Human Factor.

GRAMPIAN: 10.45 Interbang. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.05 The Pirelli Classic Marathon 1990. 3.05 The Silk Road. 4.05 The World Cup Triathlon. 5.05 Katts and Dog. 5.30 The River Thames. 6.00 The Munro Show.

GRANADA: 12.25 Young Up Front. 2.05 Santa Barbara. 3.00 The Goldwyn Follies. 5.05 An Invitation to Remember. 6.35 Granada News.

HTV: 12.25 Portrait of the Wild. 12.55 HTV News. 1.10 Heidi. 2.00 People on Sunday. 2.30 HTV Newsweek. 3.00 Rugby Union Highlights. 3.55 Robinson Crusoe. 5.30 Horse Trials. 6.35 HTV News. 11.25 Katts and Dog.

HTV Wales as HTV except: 9.25 International Rugby. 12.25 Survival - The First 30 Years. 2.00 Farming Wales. 2.30 Wales on Sunday.

SCOTTISH: 10.45 Heidi in the Mountain. 11.15 Link. 11.30 Sunday Service. 12.30 Talking Pictures. 12.55 Scotland Today. 2.05 Way of The Lakes. 2.35 Bullseye. 3.05 Wonderful World of Disney. 3.55 Wild River. 6.00 Scotland's War. 6.35 Scotland Today 11.25 World Student Games.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.05 Coronation Street. 3.00 Fisheries News. 3.15 Gus Honeybun's Magic Birthdays. 3.20 Ball of Fire. 5.30 The TSW Documentary. 6.00 Coach. 6.35 TSW News and Weather.

TVS: 12.30 TVS News. 12.33 Agenda. 2.05 An Englishman's Home. 2.55 The Scarlet and the Black. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 TVS News. 11.25 The Human Factor.

TYNE TEES: 12.25 Reebok National Aerobics Championships. 12.55 Regional News. 2.05 Way of the Lakes. 2.35 Highway to Heaven. 3.35 Dogs to the Rescue. 5.05 Bullseye. 5.35 Coronation Street. 6.35 Regional News.

YORKSHIRE: 12.25 Heidi in the Mountains. 12.50 Calendar News. 1.10 Wonderful World of Disney. 2.00 Rugby Union. 2.55 The Last Days of Sodom and Gomorrah. 5.05 The Last Frontier. 6.00 The River Thames. 6.35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 Jimmy's Cricket Team. 2.00 Ed Stewart. 4.00 Acker's Away. 4.30 Raymond Froggatt in Concert. 5.00 Cinema 2. 5.30 The Movie Quiz. 6.00 Bob Sinfield. 7.00 The AB Seaside Quiz. 7.30 The Mountbatten Festival of Music 1991. 9.30 Easy Does It: 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.35 (FM) Open University.
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Ulster Orchestra.
9.30 Record Release.
11.00 Chamber Music from Birmingham.
12.30 Table Talk.
1.00 News.
1.05 Montserrat Caballe.
3.00 Mozart.
3.30 Dvorak and Martinu.
4.25 Berg and Brahms.
5.00 Jazz Record Requests.
5.45 Mozart on Record.
6.45 Chopin.
7.30 Proms 1991.
9.40 Snapshots for Ever.
9.55 Mark-Anthony Turnage.
10.20 Dawn Upshaw.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Beachcomber - By the Way.
10.30 Families and How to Survive Them.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box Moneycheck.
12.25 I'm Sorry I Haven't a Clue.
12.55 Weather.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 Musician at Large.
4.30 Science Now.
5.00 Conversation Piece.
5.25 Little Slighty on the Down.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Citizens.
7.10 Ad Lib.
7.45 Classic Serial.
8.45 Kaleidoscope.
9.15 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 To be a Bumpkin.
11.00 The Tingle Factor.
11.30 Edinburgh 90.
12.00 News and Weather.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 News and 24 Hours.
6.30 Morning Edition.
9.02 On Your Marks.
12.00 News; followed by Sport on 4 Plus 1.
12.30 Sportscall.
1.30 The Open.
7.15 Talking Poetry.
7.45 Classic Serial.
8.45 Kaleidoscope.
9.15 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 Sport.
10.15 Open Mind.
10.45 To be a Bumpkin.
11.15 Fanshawe on Five.
12.00 Sport.
12.15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin: News in French. 6.59 Weather. 7.00 Newsdesk. 7.30 Meridian. 8.00 World News. 8.09 Twenty-four Hours live; News Summary. 8.30 From the Weeklies. 8.45 Master Singers: Rosa Ponselle. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News. 10.05 Waveguide. 10.15 Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.15 Club 648. 11.30 Londres Midi: News in French. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News and Features in German. 4.59 Travel News. 5.00 World and British News. 5.15 BBC English. 5.30 Londres Soir: News and features in French. 6.14 Letter from America. 6.29 News summary. 6.30 Heute Aktuell: News and sport in German. 7.00 German features. 7.45 News in German. 8.00 World News. 8.05 Write On. 8.15 Londres Derniere: News in French. 8.30 Club 648. 8.45 From The Weeklies. 9.00 World News. 9.09 Personal View. 9.25 Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Short Story: The Chaplin Garden. 11.20 Jazz for the Asking. 11.50 Sports Roundup. 12.00 World News. 12.05 Words of Faith. 12.10 Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: The Quiet American Part 2. 3.00 Newsdesk. 3.30 Taking Issue Around The UK. 4.00 World News. 4.09 News about Britain.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Good Morning Sunday. 9.05 Melodies for You. 11.00 All-Time Greats. 2.00 Benny Green. 3.00 Sounds Easy. 4.00 Tea at Claridges. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Evelyn Glennie. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.00 Radio 2 Arts Programme. 12.05 Variations on St Louis. 1.00 Patrick Lunt with Night Ride. 3.00 A Little Night Music. 4.00 The Early Show

BBC RADIO 3
6.35 (FM) Open University.
6.55 Weather; News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Maestro de'Concerti.
9.15 Walter Klien (piano).
10.15 Prom Talk.
10.45 A Modest Profession.
12.35 Replay.
1.00 News.
1.05 Your Concert Choice.
2.30 Joshua Bell.
4.00 Two Late Symphonies.
5.15 Listening To.
6.00 Charpentier.
7.30 Proms 1991.
9.30 Critics' Choice.
11.25 Tippett.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News and Weather.
6.10 Prelude.
6.30 Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Maps of the Mind.
4.47 Time for Verse.
5.00 Down Your Way.
5.40 Letters from the Sticks.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Against the State.
7.30 A Good Read.
8.00 Punters.
8.40 Reading Aloud.
9.00 Enquire Within.
9.15 The Natural History Programme.
9.59 Weather.
10.00 News.
10.15 Smaranda.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 International Rugby Union.
7.30 Sunday Edition.
9.00 This Family Business.
10.30 Waterlines.
11.00 News and Sport.
11.02 Time Travel.
11.30 When in Germany.
12.00 News and Sport.
12.08 Open University.
2.00 News and Sport; The 120th Open Golf Championship.
7.20 Open University.
9.00 Soundprint.
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 Sport.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 World News. 6.30 Londres Matin: News in French. 6.59 Weather. 7.00 Newsdesk. 7.30 Jazz For The Asking. 8.00 World News. 8.09 Twenty-four Hours; News Summary. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 Music With Matthew. 10.00 World News. 10.05 World Business Review. 10.15 Short Story: The Chaplin Garden. 10.30 Stuart Coleman's Record Hop. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Science in Action. 11.30 Londres Midi: News in French. 11.45 Mittagsmagazin: News in German. 11.59 Weather. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week: The Quiet American Part 2. 2.00 Newshour. 3.00 News Summary. 3.01 The Making of the Middle East. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and Features in German. 4.59 Travel News. 5.00 World and British News. 5.15 BBC English. 5.30 Londres Soir: News and features in French. 6.14 Club 648. 6.29 News Summary. 6.30 News and Features in German. 8.00 World News. 8.05 World Business Review. 8.15 Londres Derniere: News in French. 8.30 In Praise of God. 9.00 World News. 9.09 Folk in Britain. 9.25 Words of Faith. 9.30 Brain of Britain. 10.00 Newshour. 11.00 World News. 11.05 Music with Matthew. 11.50 Sports Roundup. 12.00 World News. 12.05 World Business Review. 12.15 Letter From America. 12.30 The Making of the Middle East. 1.00 Newsdesk. 1.30 In Praise of God. 2.00 News Summary. 2.01 Mummies. 2.45 Master Singers: Rosa Ponselle. 3.00 Newsdesk. 3.30 Composers of the Month: Thomas Wilbye. 4.00 World News. 4.09 News About Britain. 4.15 Anything Goes.

CHESS

THE £10,000 prize fund for the NatWest British Rapid Championship on 6-7 July attracted 14 grandmasters to Leeds for the strongest tournament yet in the series, now the most important of its type in Europe.

Rapid chess means 25-30 minutes on each clock for an entire game, and enables an 11-round event to be completed in a weekend.

Winners at Leeds were Polugaevsky (USSR) and Speelman 9/11, Adams and Plaskett 8½, with Nunn, Suba, Watson and Bronstein among those lower down.

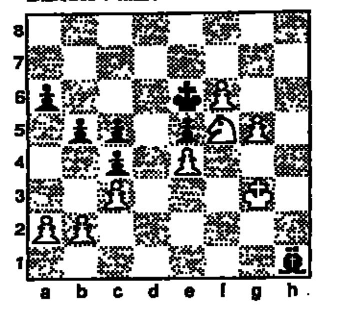
Many NatWest encounters were high quality struggles which only disintegrated if the players got down to their last couple of minutes. Compared with slower chess,there is a premium on tactical alertness, as in this game where White should have continued to repeat by 16 Kb2. Black's final attack leads to 24 Bxc4 Nxc4 mate (J Ady, White; AJ Mestel, Black; Sicilian Defence; NatWest British Rapid, Leeds 1991).

1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 g6 6 Be3 Bg7 7 f3 Nc6 8 Qd2 Bd7 9 0-0-0 Rc8 10 g4 Ne5 11 Bh6 Bxh6 12 Qxh6 Rxc3 13 bxc3 Qa5 14 Kb2 Qb6+ 15 Ka1 Qa5 16 Qe3? 0-0 17 g5 Nh5 18 Nb3 Qc7 19 Be2 Rc8 20 Kb2 a5 21 f4? Nxf4! 22 Qxf4 Qxc3+ 23 Ka3 Rc4! 24 Resigns.

Open-to-all rapids are the best way to sample the excitement of competitive chess for newcomers. London's Barbican Centre holds them monthly, the next is tomorrow at noon. All entrants play the full six games, each lasting at most one hour. For more details call 081-446-8569. The British Chess Federation 0424-442500 has a free calendar of tournaments in all parts of the UK.

CHESS No 882

BLACK 7 MEN



WHITE 8 MEN

From Romero v van der Sterren, Wijk aan Zee 1991. Black, a pawn down, threatens to regain it by Bxe4. A long struggle looks in prospect, but White's next turn forced resignation. What did White play?

Solution Page XVI

Leonard Barden

BRIDGE

TODAY'S HAND comes from rubber bridge. Here is Essential Duck:

N
♠ K 10 5 3
♥ K Q 8
♦ A 7 6
♣ A K 8

W
♠
♥ 9 5 4 3 2
♦ Q 3 2
♣ J 10 6 5 4

E
♠ Q J 2
♥ A J 10
♦ K 10 9 8 5
♣ Q 7

S
♠ A 9 8 7 6 4
♥ 7 6
♦ J 4
♣ 9 3 2

At game all East dealt, and bid one diamond. This was passed round to North, who reopened with a double. South said one spade – he is not worth more – but when his partner raised to three spades, South went four spades, closing the auction.

West led the two of diamonds. Taking it with dummy's ace, declarer returned king of spades, and West showed out. The heart king lost to the ace, and East led back the spade queen to the ace. Crossing to the heart queen, South ruffed the eight, and switched to the diamond knave. Taking with his king, East cashed his knave of spades, and exited with a diamond. South ruffed, but he could not avoid the loss of a club,and went one down.

Let us replay the hand. We play low from dummy at trick one – an essential duck – East takes his king, and returns the 10 to dummy's ace. When we cash the king of spades, West shows out, and we switch to a heart, the king losing to the ace. East leads a diamond, we ruff in hand, cross to the heart queen, and ruff the last heart in hand. At this stage East appears to hold three cards in each major, and five diamonds, and therefore only two clubs. The scene is set.

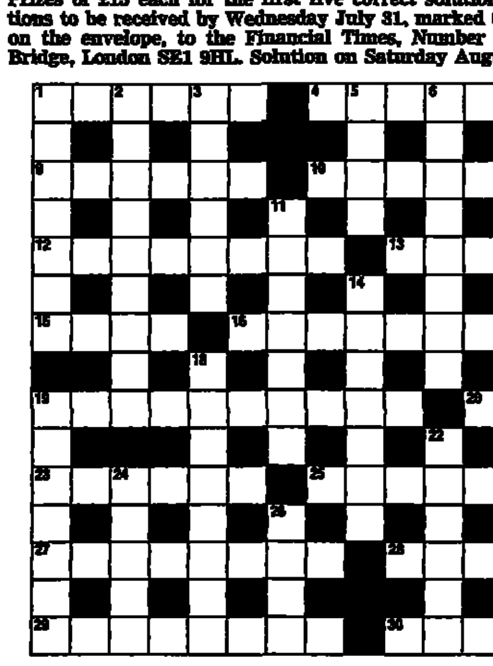
We cash our ace of spades and ace and king of clubs, then we throw East in with a spade. The forced concession of a ruff discard allows us to fulfil the contract.

E.P C Cotter

CROSSWORD

No. 7,599 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday July 31, marked Crossword 7,599 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 3.



Name.........................

Address.........................

ACROSS
1 As green as everything in Hereford, for example (6)
4 Crazy person takes cocaine and cannabis (8)
9 Staff in earnings take-off (6)
10 Upright confidant? (8)
12 Track on ground indicates the corncrake (8)
13 When fliers meet mischievous spirit coming back, it's a lottery! (6)
15 Toddler to have energy? You can bet on it (4)
16 Show jumpers' arena? (4-6)
19 Sliced pear in cold cheese .... (10)
20 .... participant in it has a second helping (4)
23 Reject junk (6)
25 Changing the guard, a female issue? (8)
27 A smack with a garden-tool leaves a red skin, we are told (8)
28 Easy to find account in portfolio (6)
29 Unburdened, live freely in long grass (8)
30 But this magazine can still be dull (6)

DOWN
1 Shakespearean playhouse? (7)
2 Operatic spectacles put on by Handel, we hear (9)
3 Laws for brotherhoods? (6)
5 Buck up at the back! (4)
6 Established climber, I scale Mt. Tumbledown (8)
7 Test slip? (5)
8 Ties a number in outskirts of Tangiers (7)
11 Most unpopular player in team at home (7)
14 Subject of inside sewers? (7)
17 Cretinous, perhaps, these nations (9)
18 Deserter has a job to eat, possibly (8)
19 Pirate's rough manner reported (7)
21 Robbery, getting clear away over city (7)
22 Damage finger from silver pin (6)
24 Feeble fellow takes banisters (5)
26 Drink like a fish (4)

Solution to Puzzle No.7,588

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KNOCKERS CREATE
O R A E   E N V
PENKNIFE OPPOSE
E A S L   R R H
COTTAGES COVERS
K E S C F A X O
     ATTRACTION
C A P I A H A G
HENCEFORTH
A G D N E B T T
REEKED DRAUGHTY
A L S   N C R P
DAINTY OILCLOTH
E C A   T A W U
STABLE CYCLONES
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Solution and winners of Puzzle No.7,587

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VACATE BLIGHTED
I O E R U R R R
VOLKSLIED EXILE
A L T D O E A S
VIEW ELEVENPLUS
O C S E I L   Y
CUTAWAY CUISSE
E O E   G U P
 ORDEAL SCHOLAR
D T E H T P O
EXHIBITION SHIP
G A R T D O U H
RABBI ELDERTREE
E I E R Y A I C
EATGRASS PLUCKY
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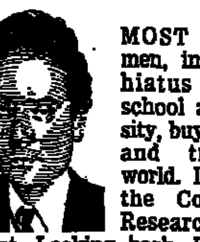
Mrs F Brusnahan, Dumbarton; Mr K Hubbard, Leigh-on-Sea, Essex; Mr I Thomson, Kendal, Cumbria; Mrs M Cuthburt, Cringleford, Norwich; Mr A Gordon-Cumming, Chichester.

Poisoned by the cult of personality

***Dominic Lawson** believes Tory prime ministers are undermined by the grovelling of the tabloids*



MOST YOUNG men, in the year's hiatus between school and university, buy a rucksack and travel the world. I worked in the Conservative Research Department. Looking back, I regret my parochial choice. But at the time I rather enjoyed being paid £20 a week, cash, for sitting in a pleasant office by St James' Park and for sifting through newspapers for stories about Labour MPs who had been caught in the act of accepting private medical treatment.

Shortly after I arrived Edward Heath was deposed and Margaret Thatcher was elected leader. I was very much confused, because I had gone there thinking that Heath was the great helmsman, and suddenly his picture was being taken off the walls of our office, and almost overnight ones of Thatcher – about whom I knew nothing – appeared in their place.

There was, I think, a little purge, and one or two of the staff left to help Heath, not before defacing one of the nice new posters of Thatcher. And I do recall Thatcher, on her first visit to the ideologically suspect Research Department, breezing into the office I shared with a few others, observing that I was scouring the *Daily Telegraph* and exclaiming with what even then I realised was sarcasm: "My goodness, I didn't think I'd find anyone reading that *here*."

But very soon we all seemed to be Thatcherites, although sometimes I would stumble across a year-old copy of the *Daily Express* or the *Mail*, and read adulatory pieces about Heath, about all the standing ovations he had received at party conferences, and wonder . . .

I still do wonder about the way the Conservative Party and its friends in the tabloid press operate. The party itself perhaps does need to display seemingly invincible adulation of whoever happens to be leader at the time. It is fighting a constant battle against other political parties and feels, with some reason, that any sign of less than starry-eyed support for the leader will be exploited by the opposition. It is not altogether healthy, but it is understandable.

But I do not understand why the *Daily Mail*, the *Daily Express*, and the *Sun* need, for reasons of circulation or any other, to pretend that John Major is a man of infinite wisdom, talents and humanity.

The coverage of the G7 Summit has been particularly absurd in this respect.

"John Major was cast into the pivotal role in a new Russian revolution . . . he will effectively assume the job of bank manager, overseeing the Soviet Union's economic reform programme" – this will be news to Mr Gorbachev – "It capped a triumphant summit week for the Prime Minister as his efforts to promote a new world order came to fruition." All this is from the *Daily Mail's* front page news story on Thursday.

But this was nothing compared with the reverence that, in an interview with the PM its sister paper, the *Mail on Sunday* contrived last week. It made John Major sound like the hero of a *Mills & Boon* novel. "He sat in his shirt sleeves – the very model of a modern Prime Minister. It had been hot and sultry and a day's work was drawing to a close. There was a hint of tiredness in the eyes . . ."

But, the editor of the *Mail on Sunday* goes on to say, the Prime Minister has "so much adrenalin that if only it could be marketed and sold for export it would solve the balance of payments problem forever." The editor concludes: "It was difficult to come away from 10 Downing Street that night and not believe that maybe, just maybe, the education of our children was at last in the hands of a man who cared – really cared."

One reason for Thatcher's downfall was that Bernard Ingham, her press secretary, doubtless out of consideration for her morale, kept from her all press knocking-copy. In the end, like so many leaders, she could only be told what she wanted to hear. Heath was equally a victim of this condition, and has never fully recovered. Major strikes me as modest and level headed, but even his head will be turned by this feverish pumping up of his image. Who next?

■ *Dominic Lawson is editor of The Spectator.*

Private View

The marriage doctor

***Christian Tyler** meets a psychiatrist who talks passionately about love*

A JOURNALIST who dares to interview a consultant psychiatrist is like a donkey who decides to run in the Grand National. Luckily for this runner, Dr Jack Dominian, a specialist in the psychology of love, sex and marriage, came to the starting line free of intimidating professional accoutrements. In other words, I found him in shirtsleeves, rumpled and smiling.

And he talked. Not in clinical monosyllables but in long, passionate paragraphs, his big hands flying, his bulky body rocking forward in emphasis until his nose almost touched the laminated tabletop. He even talked about his own mother and his own marriage.

Jack, christened Jacobus, Dominian is Greek-Armenian, a religious Roman Catholic who challenges the Vatican orthodoxy because as a doctor he sees the world as it is, not the world as the clergy think it ought to be.

I asked him why he had chosen psychiatry.

"I wanted to be a psychiatrist at the age of 16. I had a clear vision really, which came from having a home in which there was upheaval. My mother was a genius, a very intelligent woman. But she grew up in the 1920s and 1930s and I think was held back by the constraints on women. Frankly, I think she would have been a Mrs Thatcher if she were alive today."

So you felt the force of her personality, I prompted.

"Enormously. And I think – my father was a very intelligent, gentle man – there was this tension between them throughout my whole childhood. And I became enormously interested in human interaction."

Do you mean that you suffered from this tension as a child?

"Oh, undoubtedly. I suffered in the sense that my mother was bustling with energy and enthusiasm and she was irritable and taking it out on the family all the time . . . a frustrated woman."

Jack Dominian was born in Athens. His mother, Mary, was Greek and his father, Charles Joseph, an Armenian refugee from *Constantinople, became chief* treasurer of American Express in Athens. The family fled to Egypt (another Biblical coincidence) when the Germans occupied Greece in 1941 and from there to India. Arriving in England after the war, Dominian went to Stamford Grammar School in Lincolnshire, then to both Cambridge and Oxford universities.

He has acquired a sort of public-school drawl over his native accent but thinks he was lucky not to have been put through the "straitjacket" of a public school education.

So I asked him: Does the public school system produce bad husbands?

"Yes."

What does it do to make them bad husbands?

"It inhibits the expression of tenderness. It is seen as unmanly to be tender. And women are screaming for tenderness."

His own marriage to Edith Smith has lasted 36 years; two of their four daughters are married, one is cohabiting and one is single. I asked him how he had managed.

"I've got to say this, that I have been very fortunate in my marriage. I married a girl from the north, from Newcastle. She had the northern altruism and she had a very stable, loving background. I've had, I really have had, unconditional love. And I have learned so much from this unconditional loving that I think I can give a little bit back to other people."

So the happiness, the success of your marriage is incidental? Being a psychiatrist doesn't help?

"Quite incidental. I think, let's face it, psychiatrists have appalling records of marital breakdown, of alcoholism, of suicide. Which is not surprising because most of us are vulnerable people by temperament."

Photo: Colin Beere

We were sitting across the table in the marriage research centre which Dr Dominian set up at the Central Middlesex Hospital in west London. It is non-denominational and housed in a scruffy brick bungalow tucked between the maternity wing and the hospital laundry.

I asked him if he regarded the decline in the number of marriages and the huge increase in divorces as dangerous for society.

"Well, I believe the stability of family life is one of the most important indices of the health of society. In my view, the rate of marital breakdown – nearly 40 per cent – is not symptomatic of moral degeneration. It is symptomatic of a major transition in human relationships and we have to understand the transition and really do preventive work."

Without preventive action, he said, a vicious cycle of broken homes would be set up, leading to the deterioration of people's mental and physical health – suicide, alcoholism and violence – and to the breakdown of social life. "The family is the nurture ground of love. If you generate alienated people, then your capacity to be loving, which is one of the keys to civilised society, suffers."

You mean there could be no social cohesion without personal love?

"Yes. You have what sociologists call 'anomie' and from the personal, psychological point of view you have a steady deterioration in the capacity to love which to me is the hidden cement of society."

Are you saying then that people *need* lifelong monogamy?

"Yes, I think so."

Or is it actually a cultural, artificial creation?

"My own belief is that – this is in pyschological terms – we are born in one-to-one *relationships* and the exclusiveness of a one-to-one relationship is the foundation of our humanity. Monogamy is not a moral rule. It is something to do with human integrity."

Despite polyandry or polygamy in some primitive societies?

"I think if you look at primitive societies, as civilisation catches up they all veer more and more towards monogamy. Look at the commonest form of faith, which is the Muslim faith."

(Incidentally, Dominian accepts that homosexuals need love in the same way, but he will not call their relationships "marriage".)

I asked: Should our legislators, then, be encouraging traditional marriage contracts or is there another form which could take their place?

"I think that this is a very important question. What is happening to our society is that monogamy was largely enforced for a long time by the inferior status of women. As the *status of women has risen in* western societies (seven out of ten petitions for divorce in this country are filed by women) they're really saying to men: we'll only be monogamous if you respect our rights as women.

"And therefore monogamy cannot any longer be enforced, either by religion or by society. It can only be realised by the higher expectations of the man-woman relationship. It cannot be legislated for, it can only be educated for."

Do you mean children should be taught about marriage at school?

"About personal relationships." It should be part of the syllabus, like carpentry, music or Latin?

"Much more important than carpentry, music or Latin.

"And listen carefully to the next bit", he added, "because it interests your readers: it means taking seriously the home and work relationship." Senior managers should be trained, he said, to consider the marital effects of transitions: promotions, overseas postings, house moves, the arrival of the first baby. "Instead of having a policy of picking up the pieces, we believe in educating people to meet crisis."

Dominian is a cradle Catholic and a prolific writer on marriage and religion. "I don't wave the flag of Roman Catholicism," he said. "I wave the flag of love as the expression of the divine in us. I'm not a party card-carrying Roman Catholic. I'm a Christian in the deepest sense of that word."

Can he separate his religious belief from his professional analysis?

"People ask me that very often. I keep my approach to people free from the institutional and legislative approaches of the churches. But I do have a great desire to seek the loving component in each person I meet. And in my view, because God is love, whenever you are tapping the loving component of human beings you are tapping the divine in them."

And if they are unbelievers?

"It doesn't matter."

You use the word "love? a great deal, I said.

"I do."

Do you think it's a word that west Europeans have difficulty with?

"Well, they have, because they think it's synonymous with sex. Whereas for me it is another word for nurturing – of children and one another.This is not to underestimate the importance of sex . . ."

Do you think the Catholic Church has for too long tried to suppress, even criminalise, sex and this has confused people when it comes to marriage?

"Oh, I think so. One has to say that the Church has not known what to do with sex, has not related sex to love until the Second Vatican Council and for the last 2,000 years has explained sex on the basis of procreation.

"Part of what has happened today is that the relationship between sex and procreation has virtually come to an end and the church doesn't know what to do. It doesn't know how to push sex and love."

I wanted to ask whether he thought marriage and religion were inextricable, but could not find the right formulation. Dominian helped me out. "Freud called religion the universal neurosis," he said. "The positive side of that is that all of us want to be in touch with the transcendental. And what I am really saying is that a good marriage puts us in touch with the transcendental.

"There is nobody who is exempt from the experience of love and loving."

Psychiatrists talk of "the integrated personality", meaning a person whose self-respect enables them to love others. Jack Dominian seemed to me to have just that sort of personality – and one powerful enough to make any donkey believe himself a race-winner.

The statues that danced

Kieran Cooke

IT IS ALL action out here in the west of Ireland. A recent storm caused a good acreage of slates to take off across the Atlantic to Brooklyn. As I write the workers are thumping at the roof. A boot has appeared in the upper drawing room ceiling. Dust has enveloped the first editions. My breakfast kedgeree tasted vaguely of cement.

Best to leave the lads to it. Luckily Colin, the Hong Kong philosopher and blue film script writer, has returned, squeezing in what he thought would be a contemplative interlude in the west between trips to Spain and Jamaica.

We have decided to go somewhere even more remote than this mist-shrouded hollow. Clare island is three miles off the coast of County Mayo. Colin fancies having a look at a light house (decommissioned) for sale at the far end of Clare: two towers perched on a sheer cliff 450 ft above the sea, two and a half acres, adjacent cottages all going for about I£70,000.

"I could climb the tower and shout 'Boo!' at passing ships", says Colin. He thinks it might be a good place to ponder the meaning of life – and a few other things besides. But he is worried about his sleepwalking.

HAWKS & HANDSAWS

Furniture, including five double beds and two dining room tables, crockery and cutlery is thrown in for good measure. There is even "a fair sized library, with something for everyone." Colin is very keen to find out *if there is something to suit his* particular, somewhat specialised, tastes.

Property is all very well but sometimes I feel a caravan is the ideal. As Prince Charles might tell you, running a country estate is no easy matter. The stallions bolted last week. Her ladyship is none too pleased because someone seems to have been eating her chrysanthemums.

Every so often – when the claret is running dangerously low or the below stairs are again complaining about a certain paucity in wages – we think of moving to somewhere smaller. It is one of those exercises in life one knows is futile. Nowhere seems suitable but there are a few amusing incidents along the way.

Last time out we looked in the estate agent's window in a nearby town. Among the picture of various modest residences was a most curious advertisement. Someone had obviously decided to show their waterfront property in its most favourable light. The owner had gone out on to the water to take a picture. At the top was a broad swathe of blue sky, below it a narrow strip of green in the middle of which was a white dot, much like a seagull. A crude arrow pointed to "House".

Below the green strip and the white dot was another broad blue swathe, this time of sea. Then, closer in, was the front of a wooden rowing boat. Finally, yes, the proud owner had managed to lean back and also squeeze in, in all their rubberised glory, his wellington boots.

Then there was the time of real desperation when it was felt sensible to live nearer Dublin – closer to the nation's pulse, able to pop round to cabinet ministers and judges for dinner etc.

County Wicklow, south of the capital, is a distinctly Anglo part of the country where men wear suede shoes and drink Scotch rather than Irish whiskey and where women with rather big feet discuss horses' teeth. A strange place altogether.

A small residence was found in Wicklow and a surveyor employed. He and I travelled through the driving rain to peer at the property. Armed with pen and clipboard he tut tutted his way around. "The whole place is shaking", he said. "Offer them I£2,000 at the most."

We drove back for some miles in silence. "Do you mind if we stop for a drink? said the surveyor. "My foot's gone to sleep." We stopped. We drank. The surveyor's feet, first one, then the other, caught the sleeping sickness. Then my feet started to be similarly affected.

Many hours, but few miles, passed. The surveyor was becoming personal. "Do you mind if I tell you something?" he said. "Please", said I, pins and needles raging up my legs.

"I have seen three moving statues recently", he said. "Really", said I. "Doing a jig were they?"

"One was jumping round like a rabbit", he said.

Needless to say Wicklow was given a wide berth.

Perhaps it is all a sign not to move. If Colin buys his lighthouse one can at least go out there and *shout at a few passing ships* when things get tough.

Besides, there are far too many things going on now. Next week it is the evening meeting at Ballinrobe – a little gem of a place without a corporate entertainment tent in sight. A party is being assembled. The green mould is being wiped from dinner jackets. Friend Denis has even bought himself an old Bristol motor car specially for the occasion.

Then the week after it's the three day meet at Galway, a wild jamboree if ever there was one. By the end of all that the roof might be finished. If my luck is in I might even be able to pay for it.

* * *

Talking of philosophers and things philosophical, an interesting conundrum was put to a friend in a Dublin bar the other day. The bar was packed. J was minding his own in the corner, soaking up the atmosphere. But loneliness is elusive is such establishments. Sure enough, a fellow with a glittering eye and a not so glittering set of teeth approached. No introductions but straight to fundamentals.

"Tell me this one" says your man. "Have you ever thought about the first man – the very, very first man – who discovered you could get milk from a cow?"

J, a quiet chap, feels he is on the edge of an abyss. He frantically shakes his head. "Well", says your man (taking a prolonged pull on a cigarette hidden somewhere in his cupped, nicotined hand) "What I want to know is, what your man who made the discovery was *up to* at all?" The great seeker of truth then disappeared. J is still thinking.

■ From Page I

The lords of the deal

between 1989 and 1983, says: "It was a great team atmosphere working together, very positive. They like people to act, to do things, to achieve something. They expect high standards."

However, even the most committed Hansonites recognise that there are problems that could endanger the company's future.

One is who will succeed the founders. White says: "There are too many people here who are prepared to accept a dynasty without merit." The suggestion that Hanson's 30-year-old son Robert is being groomed to take over is evidently needling, although White is full of praise for the young Hanson who could, he says, become a senior manager. "He will have to earn it, though. There is no position or slot ready for him to occupy."

Robert Hanson is not the only family contender. Just as significant is the promotion of Christopher Collins, the husband of a niece of Lord Hanson's, on to the board, which has only two non-executive directors. The company is becoming ever more a family fiefdom, says one critic. A former manager adds: "They are filling the bench with their friends."

The possibility that the company could become a Hanson dynasty has taken its toll on the morale of some managers. One former executive says: "I had two nightmares. The first was that I would come in one day to find Robert Hanson was my boss, the other was that he would be working for me. I did not go into business to serve a family."

The company's approach to finance has also contributed to its closed character. Both Hanson and White are cautious, and never indulged in the wilder flights of financial fancy. Lord Hanson says: "It is basic north country business sense: you do not overborrow." He recalls, too, that in the 1960s "nobody accepted that we were worth considering". Only in the last decade did investors and analysts begin to understand Hanson. A former director explains: "That meant that, in the first 20 years, the company developed a protective shell."

However, the Hanson-White relationship has two weaknesses which could be even more significant, according to those who have worked closely with them. The first is vanity. Employees are berated for not washing their hair, or for having dandruff on their collars. Lord Hanson's receding hair-line is a matter of constant attention. He is fascinated by trichology – a medical study of hair loss. After attending a clinic for hair loss, he hired a trichologist to work on the hair of his directors. "We were encouraged to go once a fortnight," says one. "It was part of Lord Hanson's desire for respectability. We had to look good. I think he's a little insecure."

However, some say there is more to Hanson and White's pursuit of eternal health and good looks than vanity. They believe they can go on and on for ever. That belief in their own immortality and indispensability has great significance for the way the company will develop: it implies that their hands will have to be prised off the tiller.

Former colleagues say the second weakness is the company's pursuit of acceptability, recognition and a place in the very corporate establishment White and Hanson have crusaded against. Originally, they were the dynamic outsiders, keen to disrupt what they saw as a cosy business environment. Now, say critics, they show signs of wanting to become the same kind of insiders as those they once despised. It is this pursuit of respectability and establishment status which lies behind the move on ICI.

Hanson recalls: "When I said to Russell Edey [a director of Rothschilds, which is advising Hanson] that we wanted to buy a stake in ICI, he mentioned the election, the government, the flak about [taking a stake in an] establishment company. Christopher Collins, whose idea it was really to go to this stage, said: 'Yes, but we're the establishment now. They're slipping back.' And, in fact, it has happened. We are more acceptable."

Hanson did become part of the new Thatcherite establishment, though he was never quite as close to her as some imagine. He was struck off her invitation list after a spectacular entrance by helicopter to a party at Chequers and fell out with her when he insisted he would have to run the Thatcher foundation, if he was to be involved.

In the UK, however, the free market and monetarism of the Thatcher years are giving way to social market and European integration. Hanson has been very Anglo-Saxon in its approach to business; White once said the company would not operate in countries where English is not the first language.

That narrowness has been exposed as a weakness. The company is trying to catch up by getting hold of ICI's Far Eastern and European activities, but as Lord King says: "Businesses can no longer let rip in the 1990s as they did in the 1980s." The company will face a far more hostile reception if it bids for ICI than it would have in the past decade.

White loves talking about the "downside" of going for companies where the risk of failure outweighs the benefits of success. Lord Hanson admits: "There's a downside risk to our reputation in going for something just because it's there". A takeover of ICI could mark the company's crowning glory but the risk for the founders is that they could stumble and never fully recover. By White's own standards, the "downside" risk of bidding for ICI is enormous.

A belief that they are now part of the establishment poses great risks for Hanson and White. If they imagine that their personal power and prestige will lessen the hostility of government and industry to any bid for ICI, they are likely to be disappointed. The self confidence and personal conviction that have made the company one of the world's biggest conglomerates could yet prove its undoing.

Lord Hanson: from anti-establishment to establishment figurehead